Introduction

Policy-making is a complicated activity in any country, even in mundane matters. This complexity is compounded in federal states, where power is split between different orders of government. While the division of powers in Canada was nominally based on ‘watertight compartments’, this is no longer the case. The practical effect is that virtually since the creation of Canada, intergovernmental relations (IGR) have played an important role in the functioning of the states. Although federalism and IGR have often been studied in terms of formal institutions, since the 1970s there has been a growing recognition of the importance of informal relations in IGR, and while this aspect of government action is recognized, it is under-theorized. Authors such as Inwood et al (2011) have concluded that informal relations are important, but provide little elaboration. This leads us to the following question: how important are informal relations in Canadian IGR?

As part of a broader project, this paper proposes adopting a new approach in studying the role of informality in Canadian intergovernmental relations: Elinor Ostrom’s Institutional Analysis and Development framework (IAD). This variant of neo-institutionalism focuses on micro behaviour in institutional contexts and has successfully been used to look at a variety of different situations. A focus on the informal norms, strategies and rules of Canadian IGR is an important first step in understanding just how important informality is to the process.

This topic will be explored by first outlining the importance of informal relations to IGR and analyzing the existing literature. It will then look at a few competing models for understanding bureaucratic behaviour before moving on to an elaboration of Ostrom’s IAD framework. Finally, the framework’s theoretical implications and methodological requirements are explored. With these set out, this paper seeks to establish the groundwork for future study.

Importance of the Topic

Within Canadian political science, federalism is omnipresent. It can be argued that in Canadian politics, all roads lead to federalism. Studying public policy, for example, requires an understanding of federalism and intergovernmental relations. In fact, virtually all facets of political life in Canada are connected to federalism somehow. It is the background condition of political life in this country.

The fact of federalism in Canada has preoccupied scholars from the very beginnings of Canadian political science. Early institutionalist scholars such as J.A. Corry (1939) paid close
attention to the constitutional underpinnings of federalism and commented on the changing power relations between the federal government and the provinces. When the intellectual climate in the Anglophone world turned against federalism during the Great Depression, this too was represented in Canadian political science by scholars like F.R. Scott (1938). Some of the most important works of political science in Canada’s history are at least implicitly about federalism (Lipset’s [1950] work on settlement patterns, for instance). Throughout the ‘mega-constitutional’ period, federalism -and its inherently conflictual nature- became almost an obsession for a generation of scholars, including Smiley, Russell, Cairns and Simeon (to name but a few). In short, there has never been a period when federalism hasn’t attracted considerable academic attention in Canada.

Beyond studying federalism *qua* federalism, those who study public policy in Canada must also pay close attention to the federal division of power. As mentioned above, governments seldom act totally independently, which means that policy in Canada tends to involve a certain amount of coordination (if not collaboration) between orders of government. This interaction is studied through intergovernmental relations.

Intergovernmental relations are where policy and federalism meet. The study of IGR is the study of the mechanism of federalism. Contrary to other approaches that may focus on normative evaluation or economic theory, scholarship on IGR is focused on the empirical facts on the ground. The work of two scholars in particular that laid the foundation for much of that scholarship. The first is Richard Simeon’s idea of studying intergovernmental relations as analogous to international relations, which formed the basis of his influential *Federal Provincial Diplomacy* (1972 [2006]). The second is Donald Smiley’s (1974) notion of ‘executive federalism’. Both works demonstrated the fact that politics in Canada were often dependent on negotiations between the political executives of the provinces and the federal government.

Smiley and Simeon’s influential work has done Canadian scholars both a favour and a disservice. The notion of executive federalism is now a standard part of the literature on Canadian federalism, which is both beneficial and detrimental. On the one hand, executive federalism is an excellent shorthand and a useful way to contrast Canada internationally. On the other hand, it is a major simplification that tells us little about the operation of federalism. As many scholars have argued, there is an increasing disjuncture between the very general notion of executive federalism and the study of specific policy areas, which are almost inevitably presented as being multifaceted and nuanced (Collins 2012a, Skogstad 2009, Smith 2005).

There is therefore a difference between approaches that focus on federalism and approaches that focus on public policy. Inwood et al (2011) note this and argue that we must move beyond such distinctions if we are to really understand intergovernmental relations. It is with this warning in mind that this research will be undertaken. The proposed research is situated among a varied and extensive literature that has been of continual importance to the sub-field of Canadian politics. More to the point, it seeks to elucidate a very real issue in the creation of public policy in Canada: the role of informal relations. Although this issue emerges from a gap in the literature, its importance is not purely academic. Inwood et al (2011) repeatedly note that IGR practitioners themselves considered informal relations to be a critical component of IGR: “When we look across the span of ideas, institutions, actors, and relations affecting the IPC [intergovernmental policy capacity] of the system, it was the relations, *especially informal relationships*, which were seen by officials as most salient…” (416-417, emphasis added). Moreover, in Inwood et al’s research, officials considered personal relationships to be more important to IGR than institutional reform. Overall, Inwood et al paint a portrait of an
intergovernmental system that is heavily dependent on informal relations. This should be of interest not only to academics, but to anyone who wants to understand how public policy is created in Canada.

**Informal Relations and Theories of Bureaucratic Action**

Whether referred to as trust, personal relations or informal relations, the general concept of informality has been understood as an important part of organizational theory for many years. As with much social science, it is useful to begin with a brief discussion of some of the work of Max Weber. Weber’s description of ideal type bureaucracy has been remarkably enduring both as an organizing concept for the modern state and as an academic tool. Yet, as noted by Blau (1956, 1963, 1964) and others, Weber’s description of impersonal bureaucracy is at odds with the practices of bureaucratic organizations. Weberian bureaucracy “demands the personally detached and strictly 'objective' expert” (Weber, 1946: 215). Given that Weber was describing an ideal type, this is unsurprising. The reality of personal interactions is necessarily different, although certain organizations do in fact seek to prevent their members from developing positive informal relationships (Scott, 1992). As will also be noted in the Canadian literature, informal relations are seen to matter. This is well established in a variety of academic literatures, from public administration, to business, international relations, and sociology. Indeed, as early as the 1930s, Roethlisberger and Dickson (1939) as well as Barnard (1938) identified the importance of informal relations and unofficial rules. The concept has recurred in a variety of works. Blau, for instance, observes that “close bonds of companionship must be anticipated under bureaucratic conditions, in which daily contacts continue for years and common problems call for collective solutions” (1963: 174). At the extreme, Lipsky (1980) suggests that in some organizations, low level bureaucrats effectively create policy through their discretion. Because certain bureaucratic jobs have relatively high levels of autonomy and discretion, “individual actions add up to agency behaviour” (Ibid: 13). The basic notion that informal relations are important is reflected in work from a variety of fields (Paulson and Naquin, 2004; Larson, 1997, 1998; Morand, 1995; Innes et al, 2007; Michel, 2012). Blau concludes succinctly: “congenial informal relations between co-workers, and not completely detached ones, are a pre-requisite for efficient bureaucratic operations” (1963: 177).

Weber’s notion of impersonal bureaucracy necessarily missed a major part of the picture. Furthermore, there may be an enormous degree of variance in the importance of informal relations. Even in highly regulated organizations where standard operating procedures are prescribed, impersonal relations are important. The importance of informal relations only grows from there. In fact, the less rigorous the operating rules, the more likely informal relations matter.

The study of intergovernmental relations has given us well developed and nuanced understandings of much of the history of federalism in Canada. Scholars such as Donald Smiley, Alan Cairns and Richard Simeon laid the foundations that still serve as the basis for current research. Yet there are two key elements to IGR that need elaboration. First, we need a better understanding of what informal relations actually are. Second, we need to take a more thorough look at the role of informal relations. The role of those relations, both between elected executives and between civil servants, has always been understood to be important: Kernaghan, for instance, observes that “It is clear that the participation of officials in formal intergovernmental meetings is only the tip of a sizeable iceberg” (1985: 156). The problem is
that this seems to as far as the answer goes. The most notable example of an attempt to theorize the role of relationships in IGR comes from the work of Stefan Dupré (1985). Dupré adapted the concept of ‘trust ties’ from economic literature and applied it to Canadian IGR, arguing that ‘trust ties’ were crucial to making IGR work. Dupré’s analysis is interesting but dated; Bakvis et al (2009: 127) note this, as do Inwood et al (2011: 450).

More to the point, Dupré’s use of the concept may not have been accurate. He adapted the term from Breton and Wintrobe’s The Logic of Bureaucratic Conduct. However, Breton and Wintrobe fundamentally conceive of trust in the context of the bureaucratic “surrogate competitive market” (1982: 88). In other words, for the authors trust in bureaucracy is the analog of law in the market: it underpins all interaction and works as a sort of guarantee.

There are clear problems with this analogy and more broadly with the comparison between the public sector and the market. In their desire to present a singular model of bureaucracy, Breton and Wintrobe offer an overall unsatisfying take. This is important not only for its own sake, but for the Canadian conversation as well. Dupré borrows the concept of ‘trust ties’ from a work that uses it in a particular way. Consider the following: Breton and Wintrobe are quite insistent that ‘trust ties’ in bureaucratic networks are productive instruments (Ibid: 79). Trust, in their conception, is not just about making bureaucratic interactions more pleasant for participants, it is about creating policy outcomes. The Canadian literature is far from conceiving of ‘trust ties’ only as productive instruments. In fact, Dupré explicitly states that in his conception, trust -ties contribute to the workability of federalism, meaning that “it provides a forum (or more accurately a set of forums) that is conducive… to negotiation, consultation or simply an exchange of information” (1985: 1). Dupré’s use of ‘trust ties’ was in a context of low expectations. Thus, while the term is borrowed from Breton and Wintrobe, it refers to something fairly different. The concept of trust ties has therefore arguably been misused in the Canadian context.

The difference in the usage of the term ‘trust-ties’ speaks to a larger problem with the study of informal relations in Canada: there is no clear definition of what the term means. Informal relations are referred to in a very general way that encompasses a wide variety of meanings. Informal relations could be personal friendships between officials, or they could be unspoken working rules and norms that govern the functional component of IGR. Often, informal relations are defined as simply being non-formal relations, a good example of which comes from Inwood et al. On formal relations: “The focus has particularly been on the roles and responsibilities, and the ensuing relations that the institutions of executive federalism encourages or discourages… Formal relations are established within the parameters of the Constitution… which delineates the nature of official interaction between governments…” (2011: 21, 75) On informal relations: “Overlapping and usually complementing the formal relations is an informal sphere of activity with a myriad of networks and relationships” (2011: 76). Informal relations are, in the most basic sense, not formal relations. This loose definition is understandable, but problematic. If we want to understand how informal relations impact IGR, we must first have a working definition of what informal relations are. I turn to this issue below.

While scholars may not have a clear sense of just what constitutes ‘informal relations’, there is a consistent recognition of their importance to the intergovernmental system. Despite the flaws in Dupré’s use of ‘trust ties’, virtually any author who has studied the topic over the past 30 years has made reference to it (see Leslie, 2004; Lazar, 2005). Informal relations also do not seem likely to diminish in importance, at least according to Janice Stein, who argues that federalism is “given life” by informal networks, and that “social glue –shared norms, shared
values, long-standing ties of friendship… often underpins highly functional networks” (2006: 53, see also Kernaghan 1985).

The most comprehensive look at Canadian intergovernmental relations comes from the 2011 book *Intergovernmental Policy Capacity in Canada* by Gregory Inwood, Carolyn Johns and Patricia O’Reilly. A recurring theme in the book, and in their earlier work (Johns et al, 2006, 2007) is the importance of informal relations to IGR (according to the numerous IGR officials they interviewed). However, the authors note the limitations of studying informal relations: “questions about the role of both formal relations and informal relationships in IPC [Intergovernmental Policy Capacity] are not easily answered” (2011: 468). Inwood et al’s work stands out because it is the most thorough survey of Canadian IGR ever conducted. Yet even they are forced to conclude that “These informal networks and relations are not easily studied.” (Johns et al, 2007: 34). Moreover, they also note that “many officials argued that there are limits to both leadership and trust, and would agree with the official who stated that “capacity within the intergovernmental system is not ensured by the level of warmth between officials””. (Ibid: 35).

Here is the problem with the existing literature clearly manifested; informal relations are recognized as important, but not so important as to overcome certain institutional factors. Thus, we are ultimately left with a somewhat unsatisfying answer to what may be a crucial part of the intergovernmental policy process in Canada. If the role of informal relations is as important as authors from Dupré on would have us believe, then they should be studied in a more rigorous manner. In sum, the existing Canadian literature identifies that informal relations are important and gives some explanation of why, but does not explain how those relationships manifest themselves, what the differences are between policy areas, and what exactly informal relations look like.

Academic literature from a variety of fields recognizes that informal relations are an important part of how organizations operate. We might expect this to be reflected in models of bureaucratic action. Since informal relations often operate at the individual (rather than the system) level, it makes sense to begin this investigation by looking at the most prominent approach to understanding individual behaviour in bureaucracies: public choice theory.

**The Micro – Rational Actors and Public Choice**

One of the most widely used models of individual human behaviour in social science is the rational actor model, which is premised on methodological individualism (Geddes, 2003). In other words, social processes are explained in reference to the behaviour of individuals. The rational actor model assumes that humans are rational, utility maximizing agents, and explain behaviour with reference to those basic assumptions. It also makes predictions of behaviour, which gives it a potential other models lack. Adapted from economics, the rational actor model has been used in a variety of fields, including international relations and public administration.

The application of economic ideas to politics began in the 1960s and quickly spread to a variety of sub-fields within political science. Following the pioneering work of scholars like James Buchanan, Kenneth Arrows and Anthony Downs, the idea of people as utility maximizing rational actors was applied in various contexts, including voters, politicians, and bureaucrats. The use of ‘public choice’ theory to explain the behaviour of bureaucrats can be linked to the work of William Niskanen in particular. Public choice theory partly emerged as a response to the fact that institutionalist accounts of bureaucracy did not take into account the role of
bureaucrats themselves. As Niskanen argued in 1968 (293), “The currently dominant approach to public administration is to provide the organizational structure, information system, and analysis to bureaucrats who, for whatever reason, want to be efficient”. Niskanen wanted to explain the behaviour of bureaucrats using the assumptions of rational choice. Considering the various ways that bureaucrats might maximize their utility (job security, salary, power), Niskanen (1971) concludes that all of these are a function of the total budget of a bureau, which led to the image of the ‘budget maximizing bureaucrat’. Bureaucratic action is thus explained by the desire of individuals to increase their departmental budget and their personal position. This explanation of the behaviour of bureaucrats obviously stands at odds with the Weberian model of the neutral expert who (selflessly) serves the interests of the government. The picture that emerged in the 1970s, partly as a result of public choice, was that of a cynical bureaucracy whose motives could not simply be assumed to be the vaguely defined ‘public interest’. Indeed, the British satire *Yes Minister*, which deftly portrayed manipulation of the political executive by the bureaucracy, was directly inspired by public choice theory (Borins, 1988).

There are two major contested assumptions in Niskanen’s work. First, he assumes that total budget is an adequate measure of utility for all bureaucrats. Second, he assumes that bureaucrats are able to bring about whatever changes they wish. Even if one accepts the basic premise that bureaucrats behave as rational actors, these assumptions are contested. Breton and Wintrobe (1975) point out that politicians are not neutral spectators. This is particularly relevant when considering Canadian IGR, which is characterized as being heavily driven by political executives (see Smiley, 1974, 1979 for instance). Regarding the total budget as a substitute for utility, Margolis (1975) and Udehn (1996) argue that budget maximization is not an adequate explanation of bureaucrat motivation, that Niskanen is overly simplistic in his characterization of a monolithic bureaucrat, and that governmental action does not fit the requirements for applying what is, at its heart, an economic model. However, Blais and Dion -who agree with many of the critiques- still argue that there is “a kernel of truth in the budget-maximizing bureaucrat mode” (1990: 673). In sum, the public choice understanding of bureaucratic behaviour must be taken with a grain of salt, but it does offer certain predictions. The question remains if public choice has something to say on the role of informal relations in the public policy process.

**Public Choice, Canadian IGR and informal relations**

Public choice literature on bureaucracy is very frequently focused on intragovernmental issues. Bureaucrats are treated within the context of their own bureau, or within their own government. When intergovernmental relations are considered, the focus tends to be on governments as singular actors (see MacKay, 1984). In public choice literature as in economic literature more generally, intergovernmental issues are treated as economic issues: decentralization is viewed through the economic logic of transaction costs and market externalities. Politics (and individuals) are frequently excluded or ignored, which is of little use to those who wish to truly understand the reality of intergovernmental relations. Even if we take the assumptions of public choice and apply them to Canadian IGR, we do not have clear answers. A few examples will suffice to demonstrate this.

Fundamentally, understanding rational actors means understanding and ranking their preferences (Elster, 1986). In Canadian intergovernmental relations, this is not always easy. There are certain cases where government preferences are clear, such as Equalization: the interests of all the provinces in that program are clear (get more money), and provincial interests
are mutually exclusive, since the gains of one province come at the expense of another. This is probably the best example of clear preferences in Canadian IGR, but it is unique; most cases are nowhere near this clear (Howlett, 2007). Actor preference in Canadian IGR tends to be highly contextual: without an adequate understanding of the background of both Canadian federalism and the specific policy, the preferences of actors in many intergovernmental negotiations may seem chaotic. As Geddes (2003: 181) notes, the rational actor model is poorly equipped to deal with idiosyncratic goals. Moreover, preferences in IGR may be mouldable, as Rosenthal suggests: “every actor in IGR is bound to have a space in which value preferences are unclear or the options available are open to interpretation. In some of these situations, actors may enter intergovernmental negotiations with no fixed positions on certain issues and allow the negotiations themselves to yield a solution.” (1980: 39). The very nature of Canadian IGR (which is executive driven, ad hoc, irregular and, to an extent, irrational) makes it difficult to generalize preferences or fulfil the assumptions of public choice theory. In sum, public choice is particularly ill-suited to provide an understanding of Canadian intergovernmental relations.

If public choice is lacking when it comes to understanding Canadian IGR generally, it is even less useful for understanding informal relations. The public choice model makes no particular room for informal relations in the bureaucratic process, with one exception. This comes from the above-mentioned work of Breton and Wintrobe (1982) which advances the notion of ‘trust ties’. As noted earlier, this notion was applied to Canadian IGR by Dupré (1985), but has since become dated and inadequate. To reiterate, trust ties in Breton and Wintrobe are ‘productive instruments’; they underpin intergovernmental negotiations in the same way law underpins market transactions. Yet this is problematic for three reasons. First, IGR is not the market, and may not ‘produce’ anything, at least not in an immediate sense. Intergovernmental relations on some issues are ongoing and consultative rather than ‘productive’. Second, IGR does not stop in the absence of trust (while market transactions likely would if law were to break down). Trust-ties were notably broken in 1995 by the federal government’s unilateral cuts to transfers, but the process of IGR did not grind to a halt (Bakvis et al, 2009). To a large extent, governments are forced to work with each other in the course of day to day operations; this is the case whether those involved trust each other or not. Third, the analogy ignores a variety of other forms of informal relations (working rules, norms, unexplored options and so on). Informal relations may be important or unimportant to Canadian IGR. In most cases, however, public choice is not the right framework to address that issue.

Public choice theory was meant to shine the spotlight on the role of bureaucrats as individuals, but it did this in a reductive way. The assumption of a rational actor is parsimonious and allows for neat modelling, but it misses a major part of the process of bureaucratic action. In the Canadian context, certain situations can be explained by using the assumptions of public choice, but most cannot. In understanding informal relations, public choice is again of little use, with the notable but dated exception of Breton and Wintrobe’s work.

The most prominent approach to understanding government action from a micro perspective is therefore unhelpful in uncovering and understanding informal relations. In fact, as noted, context is often crucial in understanding the role of informal relations, which suggests a need to start with a macro understanding of how bureaucratic action fits into an institutional setting.

The Macro- Neo-institutionalism
A variety of approaches can be brought under the broad umbrella of neo-institutionalism. At its core, neo-institutionalism is a theoretical approach which argues that institutions shape action (Lecours, 2005). The theory emerged in reaction to the overly functionalist theories of the likes of David Easton (1965), who considered the state to be a ‘black box’. Just what constitutes an ‘institution’, however, is contested. Some scholars tend to focus on formal bodies such as Congress or the Supreme Court. This perspective is more reminiscent of ‘old-institutionalism’, which focused describing and understanding the major political institutions of a state.

At the other end of the spectrum, some scholars define institutions in terms of culture, norms and ideas (Hall and Taylor, 1996). This branch of neo-institutionalism emerged from organization theory, and focused on the way institutions shaped the preferences and norms of actors (Powell and DiMaggio, 1991). As Lecours (2005) argues, public policy scholars were among the first to enthusiastically adopt neo-institutionalism. The wide range of neo-institutionalist work on bureaucracies is reflected in Allison and Zelikow’s (1999) discussion of ‘organizational behaviour’.

Allison and Zelikow use ‘organizational behaviour’ to account for otherwise confounding government action. Rather than acting as a whole, government is shaped by various bureaucratic units, which often resort to standard operating procedures (Allison and Zelikow, 1999: 147). This not only shapes the range of options available to policy makers, it also shapes the way policy makers think about a problem (Ibid: 145). They also appeals to the idea of institutional actors being shaped by a ‘logic of appropriateness’ (March and Olsen, 1998). In this conception, not only are bureaucratic actors shaped by their institutional context, they are also shaped by their particular institutional culture, which might include norms of behaviour and unwritten rules. Behaviour cannot be understood outside of the particular institutional context. This approach to understanding the impact of institutions is reflected in the work of Leach and Lowndes (2007) as well as Léon and Pereira (2011).

A further example comes from Elinor Ostrom’s institutionalist theory of public policy. Ostrom (1999, 2007) adapts the micro-theoretical approach of rational choice institutionalism to public policy in two ways. First, she identifies the external constraints on actions (such as resources actors bring to the table, number and nature of participants, information available [Ibid: 44]). Second, she focuses on how rules enable or constrain action, by looking at working rules (entry and exit rules, authority rules, payoff rules, etc.) (Ibid: 53). More importantly, Ostrom also argues for the importance of unwritten rules, although she cautions that “working rules alone never provide both a necessary and a sufficient explanation…” (2007: 37). Ostrom’s work has formed the basis for the most promising approach to the study of informality in government, described below.

What these diverse models share in common is a focus on institutional action and constraints. While neo-institutionalism (or at least the more recent versions of the theory) does not deny individual agency, it begins with structure. Bureaucrat behaviour is structured by formal constitutional limits, by considerations of partisanship, by budgetary constraints, by the particular culture of the institution, and so on. If rational choice starts at the micro level and works outwards, neo-institutionalism starts at the macro level and works inwards.

**Neo-Institutionalism and Canadian IGR**

Neo-institutionalism has been enthusiastically adopted by Canadian scholars, although it should be noted that its adoption was no radical shift. Indeed, Canadian scholars did not need to
‘bring the state back in’ because it had never left: “In English-Canada, political institutions have never been out of fashion in the study of Canadian politics” (Smith 2005b: 101). This is true of many sub-fields within Canadian political science, including the study of federalism and IGR. As Smith (ibid) argues, Canadian scholars have tended to see Canadian issues through the lens of institutions and institutional reform; the 25 year quest for constitutional reform is a perfect example of that.

A focus on political institutions, and particularly the institutions of federalism, characterized the work of scholars such as Donald Smiley, Alan Cairns, and Richard Simeon, whose writings are now required reading for students of Canadian politics. Cairns (1977) argued that a major factor in determining the course of Canadian federalism was the institutional strength of the provinces, rather than any inherent sociological basis (at least outside of Québec). For his part, Simeon (1972 [2006]) argued that we should approach IGR in the same way we approach international diplomacy, and examined IGR by looking at it through a whole-of-government lens (see Schultz 1980 for a critique). One of Smiley’s biggest contributions was a 1974 article in which he coined the term ‘executive federalism’ to describe the executive (rather than legislative) driven nature of Canadian IGR. The notion of ‘executive federalism’ has been an important one in terms of understanding Canadian federalism on its own and in an international context.

Yet this broadly institutionalist work has two main problems. First, it tells us little about the functional element of Canadian federalism, or the workings of intergovernmental relations and the specific place of informal relations. Informal relations are understood to be part of the process, but their importance is unexplored. Second, the informal nature of Canadian IGR is taken to be negative. In their latest work, Simeon and Nugent (2012) take the position of being resigned to the importance of executive federalism while lamenting it. This position, which views informality as detrimental, is not a particularly promising one from which to begin a systematic inquiry into informal relations.

The recent work of Inwood et al (2011) provides something of a corrective, focusing on the more functional element. Their approach to intergovernmental relations is to examine a variety of sectors (health, trade, environment and finance) and consider the impact institutional constraints and actors on IGR in those sectors. Each chapter goes through a list of factors (constitutional constraints, administrative constraints, etc). Contra Simeon and Smiley, Inwood et al take a more favourable view of informal relations, although they may be reflecting the importance that practitioners place on it.

A neo-institutionalist framework has both advantages and disadvantages. One of the biggest struggles for neo-institutionalists has been to reconcile agency with structure, although the most recent work not only recognizes the role of agents, but has provided ways of thinking about ‘working rules’ and other forms of quasi-institutional informal relations. Neo-institutionalism is also extremely useful in that it forces us to seriously consider context when attempting to understand policy outcomes. That said, there are inherent limits to a neo-institutionalist approach.

As mentioned above, Inwood et al’s work is probably the most thorough look at IGR ever attempted in Canada. However, while it repeatedly alludes to the role of informal relations in the intergovernmental process, the framework it uses is insufficient to elaborate on this. This is not surprising: informal relations operate around and within institutions in non-evident ways. Looking at institutions and context can provide some information, but it cannot be the only
solution. This is particularly relevant in the Canadian case, in which intergovernmental relations are characterized by a high degree of flexibility and informality.

The biggest problem with the neo-institutionalist approach that has been applied to informal relations in Canada is that such relations have often been treated as a remainder: only once the roles of the constitution, political parties, and so on are addressed do we turn to informal relations. As Helmke and Levitsky note, “Distinguishing between formal and informal institutions, however, is only half the conceptual task. ‘Informal institution’ is often treated as a residual category, in the sense that it can be applied to virtually any behavior that departs from, or is not accounted for by, the written-down rules” (2004: 727, see also Brinks 2003).

This need not be the case. Based around the work of Elinor Ostrom and others, a particular branch of institutionalist scholars have worked to develop a greater understanding of the role of behaviour and institutions. This framework is known as ‘Institutional Analysis and Development’ (IAD).

Between Institutions and Actors: Institutional Analysis and Development

One particular approach to institutions is the Institutional Analysis and Development framework developed most notably by Elinor Ostrom. In a variety of works, Ostrom has developed the concept of institutions as being composed of rules and norms. This is apparent in her definition of institutions: “Broadly defined, institutions are the prescriptions that humans use to organize all forms of repetitive and structured interactions…” (Ostrom 2005: 3). The same general approach is also found in O’Donnell’s often cited definition of institutions: “a regularized pattern of interaction that is known, practiced, and accepted (if not necessarily approved) by actor by actors who expect to continue interacting under the rules sanctioned and backed by that pattern” (1996: 6-7, see also North 1990: 3).

The IAD approach is loosely based on game theoretic premises, although it abandons the idea of mathematical modelling of institutional settings (which is overly complex), and considers game theory’s view of human behaviour to be only one part of a spectrum (Ostrom 2005, Ch. 1). A similar approach comes from the work of Fritz Scharpf (1997). His work appeals to game theory, but his conception of ‘actor-centered institutionalism’ remains institutionalist at heart. As he notes, his approach is only useful if “we are able to resort to institution-specific information for the specification of actor capabilities, cognitions and preferences” (Ibid: 22). Scharpf attempts to avoid the chicken-and-egg structure/agency debate, but he does seem to put institutions as prior to actors. Actors are only agents in that institutional context.

Ostrom’s work focuses on the importance of differences in scale. She likens the IAD to using a map. No single map will work in every situation; sometimes we will need to go in greater detail. However, in the IAD approach, we can change scales without having to change the analytical language. What this means in practice is that the IAD approach distinguishes between, for instance, the constitutional level and the operational level while using the same basic concepts to analyze both. For the purposes of studying informal relations in IGR, it is the operational level that concerns us. This is not to suggest that the other levels can or should be ignored. They cannot, particularly since both rules and policies can be ‘stacked’, that is to say that they operate on multiple levels (Sproule-Jones 1993: 48). However, if the actions of IGR officials primarily have an impact at the operational level, then they must be studied at that level.

At the operational level, the focus is often on rules-in-use as opposed to rules-in-form “When rules actually possess operational relevance –when they are enforced and enforceable–
we may refer to them as rules-in-use. In contrast, rules that have no impact on behaviour are rules-in-form.” (Sproule-Jones 1993: 24, see also Ostrom 1999, 2005, 2007). The focus in this conception is on rules as they pertain to behaviour. This definition is consistent with the broader approach, which views institutions as being, essentially, patterns that regulate behaviour. As a result, this approach to bureaucratic action is one which understands behaviour within the context of institutions. This is a useful starting point for studying informal relations, since it is at the nexus of behaviour and institutions that informal relations take place. Institutionalist literature has incorporated this aspect of institutional life with the concept of ‘informal institutions’. In a sense, this facet of institutional functioning is predicted by the tendency to see ‘institutions’ as being rules and norms. If there are formal rules, there are informal ones.

Although institutional rules can refer to formal, constitutional or otherwise official rules, that need not be the case. As noted, if institutions are rules, then they can be informal. This is reflected in the work of a number of neo-institutionalist scholars who focus on ‘informal institutions’ (O’Donnell 1996, Lauth 2000, Brinks 2003, Helmke and Levistk 2004, 2006). Although the approach is based in neo-institutionalist theory, scholars in this tradition are often concerned with empirical work and with finding evidence of informal institutions. This reflects the fact that the IAD approach is concerned with understanding how institutions really work. In practice, this means that institutions and behaviour cannot be understood only in reference to a model of behaviour. Ostrom notes this concern: “I strongly advise institutional analysts not to rely on one and only one theoretical tool to explain human behavior” (2005: 103). This points to the need for context in understanding institutions. As in other neo-institutionalist work, actors operate using a contextually based ‘logic of appropriateness’ (March and Olsen 1998).

In this study, I propose to use the IAD framework and the concept of informal institutions to gain a better understanding of the role of informality in Canadian IGR. This has certain methodological implications, discussed below. However, before proceeding it is necessary to outline some issues with this approach. As mentioned earlier, a neo-institutionalist approach is potentially problematic for studying informality. Given the low level of (formal) institutionalization inherent in Canadian IGR, one could wonder how this approach is useful. A neo-institutional approach is a starting point, one that is grounded in a developed literature and provides a theoretical umbrella. It is not, however, the entire picture. As Ostrom notes of her 30 years of studying institutions, “I am still not fully satisfied with my own understanding.” (2005: 3). Neo-institutionalism will very likely miss certain nuances of informal relations, but this does not mean it is useless. Just as Canada wasn’t mapped in one attempt, completely understanding informal relations will take more than one study. That said, IAD can be useful for capturing particular elements that have so far been referred to in very general ways.

The advantage of the IAD framework is in the fact that it conceives of institutions as being based in behaviour. In doing so, it allows a good deal of room for studying informality. In this literature, institutions can exist (as norms, for instance) and can be studied without actors necessarily being conscious of them (Schlüter and Theesfeld 2010, Crawford and Ostrom 1995).

The capacity of humans to use complex cognitive systems to order their own behavior at a relatively subconscious level makes it difficult at times for empirical researchers to ascertain what the working rules for an ongoing action arena may actually be in practice. It is the task of an institutional analyst, however, to dig under surface behavior to obtain a good understanding of what rules participants in a situation are following. (Ostrom 2005: 19)
The manner in which the researcher ‘digs under the surface’ will be explored further on with the discussion of Crawford and Ostrom’s ‘Grammar of Institutions’. However, before diving into methodology, it is necessary to deal with the fundamental debate of what exactly is meant by informal institutions, or rules, or relations.

**What are Informal Relations?**

In order to make a contribution to our understanding of the role of informal relations, this study must be grounded by an understanding of just what informal relations are and how they matter in specific circumstances. This need emerges from a very real problem in the existing literature: if informal relations are essentially a remainder, then they have no real explanatory power. Answering the question of how informal relations affect specific programs within the realm of intergovernmental relations will provide necessary empirical evidence, but this begs the question of what exactly is meant by informal relations, as well as the concrete ways they manifest themselves. Having an idea of what we are looking for is a vital starting point for conducting empirical analysis.

The relational component of institutional life has often been referred to in terms of trust. The concept of trust, or personal relations, is inherently difficult to measure. Where Breton and Wintrobe (1982) perceive of it using a market logic, more recent work from Michel suggests that the concept needs to be broken down into two parts: ‘reliance’, the more objective component, and ‘trust’, which is “subjective, personal, inarticulate, emotive [and] moralistic” (2012: 18). Blau neatly summarizes the difficulty: “In contrast to economic commodities, the benefits involved in social exchange do not have an exact price in terms of a single quantitative medium of exchange, which is another reason why social obligations are unspecific. It is essential to realize that this is a substantive fact, not simply a methodological problem.” (1964: 94-95, emphasis added).

Measuring informal relations is therefore more than simply a matter of assuming utility maximization; Blau is suggesting that social obligations are particular to their setting. The value and the products of these exchanges will vary and may not, in fact, be comparable across sectors. Although it is not simply a methodological problem, this situation still causes methodological problems. This methodological difficulty is likely a major part of the reason why informal relations have remained understudied in Canada.

The concept of informality has more than one meaning (Morand 1995, 834; Dubin 1958, 65-78). Dubin notes that it can refer either to ways of working that exist outside of official policies or friendly interpersonal relationships. This general approach is used in work centered on ‘unwritten rules’. This might include norms of interaction, including behaviour which is constrained from above, or actions which are not taken for some reason (Blau 1963). It could also include semi-formal rules of interaction or personal affinity (Paulson and Naquin 2004). Measuring informal relations is a complex yet key part of the initial research.

**Defining Informal Relations**

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2 While ‘relations’ may comprise more than institutions, the focus of this research is primarily on institutions. Because this study adapts the IAD definition of ‘institutions’, there is a significant relational component to my use of the term ‘informal institution’. As a result, I use the terms ‘informal relations’ and ‘informal institutions’ interchangeably hereafter.
At the basis of this proposed research is a straightforward yet complex question: what are informal relations? As noted above, the subject comes up in a variety of literatures with varied responses. Johns et al put the emphasis on the human component of informal relations, noting that the focus should be “human interaction rather than institutional analysis” (2007: 35). In earlier work they also drew attention to administrative agreements and communication networks (Johns et al 2006). Aasland et al’s (2012) work focuses on informal behaviour, while in a similar vein, Morand emphasizes the role of “behavioural spontaneity [or] casualness” (1995: 831; see also Paulson and Naquin 2004). Leach and Lowndes (2007) prefer a quasi-institutional approach, focusing on the ‘working rules’, a strategy also used by Ostrom (2005, 2007, see also Léon and Pereira 2011). Hemlke and Levistky (2004, 2006) combine the two approaches in their work on ‘informal institutions’, as does Lauth, who notes that informal institutions are rendered visible “when empirically observed behaviour proceeds in an ordered fashion” (2000: 22). This characterization of ‘informal institutions’ as being based largely on behavioural norms is common to a good deal of neo-institutionalist literature (see North 1990, Lauth 2000, O’Donnell 1996, Brinks 2003).

Defining informal relations proves to be tricky. In the simplest definition, informal relations are not formal relations. Yet this is evidently unhelpful. Before defining informal relations, it is perhaps useful to distinguish them from formal relations. In fact, informality is often defined in contrast to formality (either in terms of institutions or relations). Helmke and Levistky, for instance, define informal institutions as:

“Socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels. By contrast, formal institutions are rules and procedures that are created, communicated, and enforced through channels widely accepted as official. This includes state institutions (courts, legislatures, bureaucracies) and state-enforced rules (constitutions, laws, regulation)…” (2004: 727).

While this definition provides some contrast, it is also problematic (what are non-official channels? Could informal rules be created within formal institutions?). As noted above, Inwood, Johns and O’Reilly (2011: 75-76) also define informal relations in relation to formal relations. Their definition notes difference, but less explicit contrast, as informality coexists with formality.

Inwood et al’s work points to a broader issue: informal relations operate in and around formal relations. As Knight (1992) notes, the former are almost always a pre-requisite for the latter. However, informal relations do not end once a formal agreement is signed; Innes et al observe that sometimes “informal processes may be deliberately created to make the formal ones work” (2007: 198). Agreements and legislation are often vague on implementation, and considerable discretion may be left to governmental actors. Informal relations are likely necessary to make policy work. This is reflected in the definition Aasland et al provide for ‘informal practice’: “behaviour not in line with formal procedures stipulated for dealing with a given problem or behaviour aimed at solving problems for which there are no (clear) formal procedures” (2012: note 2 at 116, emphasis added). The different ways in which informal relations interact with formal ones forms the basis of Lauth’s (2000) categorization into three types of informal institutions: complementary, substitutive, and conflicting.

If one takes a general approach to informal relations, they can be difficult to define. However, if we use a neo-institutionalist approach to defining informal institutions, certain related characteristics emerge.
Characteristics of Informal Relations

According to Lauth (2000) informal institutions are indigenous, that is to say they are endogenously developed rather than imposed. A key component is “self-enactment and self-assertion” (Ibid: 24). They exist around the confines of formal relations and do not persist unless they continue to be used. “If their actual recognition lapses, so does their existence with it” (Ibid 25).

They interact with the formal political system in one of a few ways (Lauth [2000] mentions three, Helmke and Levitsky [2004, 2006] add a fourth). First, they may be a complementary adaptation that makes official rule or institution work more smoothly and efficiently. Second, they may be accommodating, operating in ways that can reconcile dissidence and may “contradict the spirit, but not the letter, of the formal rules” (Helmke and Levitsky 2004: 729). Third, they are substitutive, coming into existence to perform a function that the existing formal system does not. Finally, they may be conflicting, and may work at cross-purposes with the formal political system.

They are addressed at “political decision makers” - in broad terms, the political executive, which constitutes both politicians and civil servants (Lauth 2000: 25). This point is important because it narrows the field of analysis, excluding for instance actors from civil society. In some cases this may be unwarranted (see Skogstad 2008, Smith 2005a for a critique), but for our purposes, this is an appropriate limitation. IGR in Canada is an executive game.

They range from preferences (in the grammar of institutions “strategies”), which have no enforcement, to “norms”, which involve some level of social stigma if they are unobserved, to “rules”, which carry sanctions (Schlüter and Theesfeld 2010, Crawford and Ostrom 1995).

They can be known and recognized but may not necessarily be articulated (see Hamilton-Hart 2000: 209). Moreover, they may exist without participants being consciously aware of them (Ostrom 2005), at least until their attention is drawn to them.

Two common themes emerge from the literature: behaviour and structure. This study therefore adopts the following definition: informal relations are the patterns of structured behaviour that exist in and around formal political institutions. They may be obvious, but they may also exist in ways that participants do not consciously realize. I also adopt Helmke and Levitsky’s model of how informal relations interact with formal institutions (see figure 1).

<table>
<thead>
<tr>
<th>Figure 1- A Typology of Informal Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcomes</strong></td>
</tr>
<tr>
<td>Convergent</td>
</tr>
<tr>
<td>Divergent</td>
</tr>
</tbody>
</table>

Source: Helmke and Levitsky 2004: 728

Studying Informal Relations

Adopting an institutional analysis and design framework for studying carries with it certain methodological implications. Before getting into these, however, it is important to reiterate that
an institutionalist framework carries necessary limitations. I do not claim that this approach tells us the entire story of informal relations. What it does is allow us to start mapping the unknown.

The Grammar of Institutions

In a widely cited paper, Crawford and Ostrom (1995) suggest a way of understanding institutions (defined as “enduring regularities of human action in situations structured by rules, norms, and shared strategies, as well as by the physical world” [582]). They focus on ‘institutional statements’: “Institutional statement refers to a shared linguistic constraint or opportunity that prescribes, permits, or advises actions or outcomes for actors... Institutional statements are spoken, written, or tacitly understood in a form intelligible to actors in an empirical setting.” (Ibid: 583). This approach to looking at institutions encompasses rules, strategies and norms. If institutions are perceived as ‘statements’, then they can be broken down into their component parts in the same way that a sentence can be deconstructed into linguistic building blocks. To do so, Crawford and Ostrom suggest a ‘grammar of institutions’, which has five components: Attributes, Deontics, Aims, Conditions, and Or else (ADICO).

Attributes are identified to distinguish participants by certain characteristics (e.g. being above the age of 18, holding a ministerial post). Deontics imply matters that are related to moral conduct or duty; in the ADICO approach, it implies three related verbs: may, must, and must not (Crawford and Ostrom 1995: 584, 2005). Aims describe the outcome of an institutional statement. As Schlüter and Theesfeld put it: “aims tell us what to do” (2010: 448). Conditions outline the circumstances in which the aim can take place (where, when, how, etc.). Finally, Or elses outline the potential punishment for not following the rules. The following example illustrates one example of an institutional statement broken down using ADICO.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Deontic</th>
<th>Aim</th>
<th>Conditions</th>
<th>Or else</th>
</tr>
</thead>
<tbody>
<tr>
<td>All villagers</td>
<td>must not</td>
<td>let their animals trample the irrigation channels at all times</td>
<td>or else the villager who owns the livestock will be levied a fine</td>
<td></td>
</tr>
</tbody>
</table>

Source: Crawford and Ostrom 1995: 584, Smajgl et al 2008: 201

Not every institutional statement will involve every one of those components. The components present determine what kind of institutional statement is at hand. Crawford and Ostrom (2005) distinguish between strategies, rules and norms. A strategy involves an attribute, aim and condition (AIC), norms add a deontic (ADIC), and finally, rules imply an ‘or else’ (ADICO) (Basurto et al 2010: 524). Others have adapted this grammar to suit their needs. Smajgl et al (2008: 201) replace ‘strategy’ with ‘action’, or a one-off statement that only requires an aim and a condition (IC), although in this case it may be more logical to place ‘action’ before ‘strategy’ on a scale. Schlüter and Theesfeld (2010) add to the understanding of deontics by specifying the difference between internal and external deltas. In other words, they distinguish between obligations based on internal emotional sanctions and those based on external pressure (see figure 3).
Not all institutional statements are going to be as obviously structured as the example in figure 2. In fact, very rarely will institutional rules be structured in this way. This is even less likely when we take on informal institutions. Certain components may be explicitly evident, where others may be present but unstated. As Crawford and Ostrom note: “we do not assume that institutional statements affecting behavior can always be articulated easily and fully by participants. Knowledge of institutional statements often becomes habituated and part of the tacit knowledge of a community” (2005: 139). The role of the researcher is to discover which of the elements of the grammar are present in given situations, which requires an in-depth understanding of particular situations: “Uncovering components requires qualitative research methods, including in-depth interviews or archival retrieval. (Crawford and Ostrom 1995: 587).

The ADICO approach offers the potential to better understand informality in Canadian intergovernmental relations. The strategies, norms and rules that form the basis of informal relations can potentially be parsed out by using this approach. Applying this approach is not simple, but several scholars have successfully adapted the grammar of institutions to their particular empirical context (Basurto et al 2010, Schlüter and Vollan 2011, Ostrom 2008, Smajgl et al 2008). There is no reason to believe we cannot do the same with the Canadian case.

**Conclusion**

This paper sets out a theoretical approach for studying informal relations within the context of Canadian intergovernmental relations. While previous research has touched on the importance of informal relations, this generally begs the question of what exactly they are and how they shape government action.

I argue that the institutional analysis and development framework provides a useful starting point for furthering our understanding of informality. This is not to suggest that IAD is the magic bullet that will answer every question. The personal aspect of informal relations, for instance, is difficult to theorize. However, the use of IAD seems likely to illuminate at least some aspects of informal relations, and is meant to orient further study by providing baseline definitions and suggesting methodological tools.

IAD may not prove to be the best method to access informal relations. If it is not, however, then we must look elsewhere. Generations of scholars and practitioners in Canada have concluded that informal relations are crucial to the IGR process. If this is the case, then the scope of informal relations is too important to be left unexplored.
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Understanding Informality in Canadian Intergovernmental Relations

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