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*Regional Responsiveness and the National  
Administrative State*

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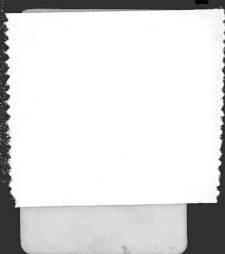
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**PETER AUCOIN, Research Coordinator**

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# **Regional Responsiveness and the National Administrative State**





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PETER AUCOIN

*Research Coordinator*

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When the members of the Rowell-Sirois Commission began their collective task in 1937, very little was known about the evolution of the Canadian economy. What was known, moreover, had not been extensively analyzed by the slender cadre of social scientists of the day.

When we set out upon our task nearly 50 years later, we enjoyed a substantial advantage over our predecessors; we had a wealth of information. We inherited the work of scholars at universities across Canada and we had the benefit of the work of experts from private research institutes and publicly sponsored organizations such as the Ontario Economic Council and the Economic Council of Canada. Although there were still important gaps, our problem was not a shortage of information; it was to interrelate and integrate — to synthesize — the results of much of the information we already had.

The mandate of this Commission is unusually broad. It encompasses many of the fundamental policy issues expected to confront the people of Canada and their governments for the next several decades. The nature of the mandate also identified, in advance, the subject matter for much of the research and suggested the scope of enquiry and the need for vigorous efforts to interrelate and integrate the research disciplines. The resulting research program, therefore, is particularly noteworthy in three respects: along with original research studies, it includes survey papers which synthesize work already done in specialized fields; it avoids duplication of work which, in the judgment of the Canadian research community, has already been well done; and, considered as a whole, it is the most thorough examination of the Canadian economic, political and legal systems ever undertaken by an independent agency.

The Commission's Research Program was carried out under the joint direction of three prominent and highly respected Canadian scholars: Dr. Ivan Bernier (*Law and Constitutional Issues*), Dr. Alan Cairns (*Politics*

*and Institutions of Government*) and Dr. David C. Smith (*Economics*).

Dr. Ivan Bernier is Dean of the Faculty of Law at Laval University. Dr. Alan Cairns is former Head of the Department of Political Science at the University of British Columbia and, prior to joining the Commission, was William Lyon Mackenzie King Visiting Professor of Canadian Studies at Harvard University. Dr. David C. Smith, former Head of the Department of Economics at Queen's University in Kingston, is now Principal of that University. When Dr. Smith assumed his new responsibilities at Queen's in September, 1984, he was succeeded by Dr. Kenneth Norrie of the University of Alberta and John Sargent of the federal Department of Finance, who together acted as co-directors of Research for the concluding phase of the Economics research program.

I am confident that the efforts of the Research Directors, research coordinators and authors whose work appears in this and other volumes, have provided the community of Canadian scholars and policymakers with a series of publications that will continue to be of value for many years to come. And I hope that the value of the research program to Canadian scholarship will be enhanced by the fact that Commission research is being made available to interested readers in both English and French.

I extend my personal thanks, and that of my fellow Commissioners, to the Research Directors and those immediately associated with them in the Commission's research program. I also want to thank the members of the many research advisory groups whose counsel contributed so substantially to this undertaking.

DONALD S. MACDONALD



At its most general level, the Royal Commission's research program has examined how the Canadian political economy can better adapt to change. As a basis of enquiry, this question reflects our belief that the future will always take us partly by surprise. Our political, legal and economic institutions should therefore be flexible enough to accommodate surprises and yet solid enough to ensure that they help us meet our future goals. This theme of an adaptive political economy led us to explore the interdependencies between political, legal and economic systems and drew our research efforts in an interdisciplinary direction.

The sheer magnitude of the research output (more than 280 separate studies in 72 volumes) as well as its disciplinary and ideological diversity have, however, made complete integration impossible and, we have concluded, undesirable. The research output as a whole brings varying perspectives and methodologies to the study of common problems and we therefore urge readers to look beyond their particular field of interest and to explore topics across disciplines.

The three research areas, *Law and Constitutional Issues*, under Ivan Bernier, *Politics and Institutions of Government* under Alan Cairns, and *Economics* under David C. Smith (co-directed with Kenneth Norrie and John Sargent for the concluding phase of the research program) — were further divided into 19 sections headed by research coordinators.

The area *Law and Constitutional Issues* has been organized into five major sections headed by the research coordinators identified below.

- Law, Society and the Economy — *Ivan Bernier and Andrée Lajoie*
- The International Legal Environment — *John J. Quinn*
- The Canadian Economic Union — *Mark Krasnick*
- Harmonization of Laws in Canada — *Ronald C.C. Cuming*
- Institutional and Constitutional Arrangements — *Clare F. Beckton and A. Wayne MacKay*



Since law in its numerous manifestations is the most fundamental means of implementing state policy, it was necessary to investigate how and when law could be mobilized most effectively to address the problems raised by the Commission's mandate. Adopting a broad perspective, researchers examined Canada's legal system from the standpoint of how law evolves as a result of social, economic and political changes and how, in turn, law brings about changes in our social, economic and political conduct.

Within *Politics and Institutions of Government*, research has been organized into seven major sections.

- Canada and the International Political Economy — *Denis Stairs and Gilbert Winham*
- State and Society in the Modern Era — *Keith Banting*
- Constitutionalism, Citizenship and Society — *Alan Cairns and Cynthia Williams*
- The Politics of Canadian Federalism — *Richard Simeon*
- Representative Institutions — *Peter Aucoin*
- The Politics of Economic Policy — *G. Bruce Doern*
- Industrial Policy — *André Blais*

This area examines a number of developments which have led Canadians to question their ability to govern themselves wisely and effectively. Many of these developments are not unique to Canada and a number of comparative studies canvass and assess how others have coped with similar problems. Within the context of the Canadian heritage of parliamentary government, federalism, a mixed economy, and a bilingual and multi-cultural society, the research also explores ways of rearranging the relationships of power and influence among institutions to restore and enhance the fundamental democratic principles of representativeness, responsiveness and accountability.

*Economics* research was organized into seven major sections.

- Macroeconomics — *John Sargent*
- Federalism and the Economic Union — *Kenneth Norrie*
- Industrial Structure — *Donald G. McFetridge*
- International Trade — *John Whalley*
- Income Distribution and Economic Security — *François Vaillancourt*
- Labour Markets and Labour Relations — *Craig Riddell*
- Economic Ideas and Social Issues — *David Laidler*

Economics research examines the allocation of Canada's human and other resources, how institutions and policies affect this allocation, and the distribution of the gains from their use. It also considers the nature of economic development, the forces that shape our regional and industrial structure, and our economic interdependence with other countries. The thrust of the research in economics is to increase our comprehension of

what determines our economic potential and how instruments of economic policy may move us closer to our future goals.

One section from each of the three research areas — The Canadian Economic Union, The Politics of Canadian Federalism, and Federalism and the Economic Union — have been blended into one unified research effort. Consequently, the volumes on Federalism and the Economic Union as well as the volume on The North are the results of an interdisciplinary research effort.

We owe a special debt to the research coordinators. Not only did they organize, assemble and analyze the many research studies and combine their major findings in overviews, but they also made substantial contributions to the Final Report. We wish to thank them for their performance, often under heavy pressure.

Unfortunately, space does not permit us to thank all members of the Commission staff individually. However, we are particularly grateful to the Chairman, The Hon. Donald S. Macdonald, the Commission's Executive Director, Gerald Godsoe, and the Director of Policy, Alan Nymark, all of whom were closely involved with the Research Program and played key roles in the contribution of Research to the Final Report. We wish to express our appreciation to the Commission's Administrative Advisor, Harry Stewart, for his guidance and advice, and to the Director of Publishing, Ed Matheson, who managed the research publication process. A special thanks to Jamie Benidickson, Policy Coordinator and Special Assistant to the Chairman, who played a valuable liaison role between Research and the Chairman and Commissioners. We are also grateful to our office administrator, Donna Stebbing, and to our secretarial staff, Monique Carpentier, Barbara Cowtan, Tina DeLuca, Françoise Guilbault and Marilyn Sheldon.

Finally, a well deserved thank you to our closest assistants, Jacques J.M. Shore, *Law and Constitutional Issues*; Cynthia Williams and her successor Karen Jackson, *Politics and Institutions of Government*; and I. Lilla Connidis, *Economics*. We appreciate not only their individual contribution to each research area, but also their cooperative contribution to the research program and the Commission.

IVAN BERNIER  
ALAN CAIRNS  
DAVID C. SMITH



Among its terms of reference, the Commission was required to consider “changes in the institutions of national government so as to take better account of the views and needs of all Canadians and regions.” The section of the Politics and Institutions of Government research area entitled “Representative Institutions” had its research program shaped primarily by this particular focus of the Commission’s terms of reference.

Nine studies were undertaken within the research program of Representative Institutions. Two were focussed explicitly on the administrative structures and capacities of the Government of Canada. These studies were undertaken in recognition of the crucial roles which modern bureaucracies perform in the formulation and implementation of public policy. In particular, we were concerned with the structures and capacities of our national machinery of government to respond to regional views and needs in the formulation and implementation of national policy in our federal system.

The first study commissioned as part of this research program was undertaken by Professor Kenneth Kernaghan. In his paper, he examines the implication for Canadian regionalism of the representative characteristics of the Canadian public service. This examination considered the general question of representation within the context of the merit system for staffing the public service and the effects of bureaucratic norms and behaviour on the regional sensitivity of the national public service. He also provides an account of administrative decentralization as well as the degree to which there is movement between the central and field offices of national administrative agencies.

Professor Herman Bakvis and I undertook a second study of the administrative system in order to examine in greater detail a subject that Professor Kernaghan identified as requiring further consideration — the area of regional development policy. Our case study of this subject was under-

taken in recognition of the fact that it is in this area that the greatest efforts have been made to ensure that the national administrative system is responsive to regional concerns. It is also in this area that the interaction of the political interests of so-called "regional ministers" and administrative officials is most clearly expressed. Our study, accordingly, examines both executive and administrative structures in this area, thus complementing the more administrative focus of Professor Kernaghan's study.

PETER AUCOIN

## ACKNOWLEDGMENTS

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The task of analyzing the complexities of our institutions of national government required the involvement of many people. First of all, I am grateful to all the researchers who undertook studies for the Commission's research section on Representative Institutions. I am honoured to be the coordinator of their published studies.

Alan Cairns, as Director of the Politics and Institutions of Government research program, provided intellectual direction and collegial support that were always appreciated if not always acknowledged. John Hayes, Mark Krasnick, Maurice Pinard, Donald Savoie and Jennifer Smith served as members of my research advisory group and their advice contributed greatly to the research program and its individual studies. In addition, Jennifer Smith's evaluations and suggestions on a number of topics and her succinct and lucid analyses were always helpful and appreciated.

The assistance and advice of Cynthia Williams and Karen Jackson, executive assistants of the research program, were essential to this project. As scholars in their own right, they also added immensely to the intellectual exercise. The detailed comments and suggestions of Richard Simeon, Bruce Doern and David Ablett contributed greatly to the study of a number of topics. The logistical work of Donna Stebbing, the editorial help of Ruth Crow, and the secretarial and administrative assistance of Dawn Riley, Cindy MacDonald and Marilyn Slayter were also greatly appreciated.



# **Representative and Responsive Bureaucracy:** *Implications for Canadian Regionalism*

KENNETH KERNAGHAN

## **Introduction**

### ***Bureaucracy and Regionalism in Canada***

The reciprocal effects of bureaucracy and regionalism in Canada have received too little attention from scholars and practitioners of public administration. Especially notable is the neglect of the role of the federal bureaucracy in relations between the national government and the regions and provinces. The major objective of this study is to examine the actual and potential role of the federal bureaucracy in relation to the issue of regionalism in Canada. Particular attention is focussed on the implications for regionalism of bureaucratic representation and responsiveness.

Much popular and scholarly debate has centred in recent years on reforming political institutions in order to improve federal-provincial and federal-regional relations. The objectives of constitutional reform set forth by the Task Force on Canadian Unity are especially relevant in this context. These objectives are

- to preserve and reinforce the ability of the central institutions to serve as the legitimate focus for the common interests of all Canadians;
- to provide greater institutional responsiveness to the regional and provincial self-confidence reflected in current demands for greater provincial autonomy and for more effective provincial influence upon central policy formulation; and
- to provide the majority of Québécois with an acceptable response . . . to their deep-rooted grievance that our political institutions do not adequately reflect the dualistic character of Canada.<sup>1</sup>

In discussions of how to achieve these aims, there has been increased interest in organizing the Canadian federation on the model of intrastate federalism instead of on the traditional model of *interstate federalism*. Intrastate federalism refers to the representation of regions within the institutions of the central government. The intellectual chronology of this model begins with the late Karl Loewenstein and in Canada runs through the writings of Donald V. Smiley and Alan C. Cairns to its current application by many students and practitioners concerned with Canadian federalism.<sup>2</sup>

Alan Cairns distinguishes two variants of intrastate federalism. *Centralist* intrastate federalism "is an attempt to weaken provincial governments by increasing the attractiveness of Ottawa to that complex regional/provincial network of interests, values, identities, and socioeconomic power whose support is a crucial resource in intergovernmental competition." By contrast, *provincial* intrastate federalism is an attempt to provide direct representation of the provincial governments in the institutions and decision-making processes of the central government.<sup>3</sup>

Most of the analysis of the intrastate model by academics has focussed on reforms in such central mechanisms of Canada's representative democracy as the Senate, the Supreme Court, the federal cabinet, and the electoral system. Comparatively little attention has been paid to the role and reform of bureaucratic as opposed to political institutions, structures, and processes. But among suggested reforms affecting the bureaucracy is "a move in the direction of a representative bureaucracy so that the development and the administration of federal programs will be more sensitive to regional considerations." Furthermore, "in some versions of civil service reform not only is the personnel and composition of the federal bureaucracy to be altered, but its very organizational structures must balance regional and functional considerations more effectively. . . ."<sup>4</sup> This study includes these proposed reforms in its examination of how the federal bureaucracy represents and responds to regional needs and aspirations and whether these mechanisms can usefully be supplemented or modified.

### *The Organization and Purpose of the Study*

The organization of this study is based on the view that regional and provincial influence on the decisions and recommendations of federal bureaucrats can be exercised in two distinct ways. The first approach is through a federal bureaucracy that is representative in terms of region of origin, that is, a bureaucracy in which the percentage of employees from each region is roughly proportionate to the percentage of the total population living in that region. The second approach is through structural innovations or alterations designed in large part to improve the capacity

of the federal bureaucracy to respond to regional interests, including those advanced by provincial governments. A substantial component of the second approach is the use of committees and conferences for the conduct of federal-provincial administrative relations. This large subject is not discussed in this study because it has been well examined in the published literature. This study is concerned with structural responses in the sphere of federal-provincial and federal-regional relations that have been comparatively unexplored in scholarly writings.

This introduction, which explains the study's objectives and the meaning of some central concepts, is followed by an analysis of the two approaches. The section on representative bureaucracy examines the concept and practice of representative bureaucracy as a basis for assessing the importance of regional representation in the bureaucracy. More specifically, it reviews the theory of representative bureaucracy, Canadian writings on the subject, and the evolving policies and practices regarding representative bureaucracy in Canada. The focus of the second section is on the institutions, structures, and processes that do or could affect the responsiveness of the federal bureaucracy to regional claims and requirements. The ramifications for regionalism of the geographic dispersal of the federal bureaucracy in the form of departmental field units, the relocation of work units, and the decentralization of central agencies to the regions are covered in this section. In the final section, a brief summary of the study's conclusions is presented and particular emphasis is placed on the issue of the regional experience of federal public servants.

Why should this Royal Commission be concerned about the representativeness and responsiveness of the federal bureaucracy? The Commission's terms of reference suggest the answer. These terms include an examination of "the appropriate allocation of fiscal and economic powers, instruments and resources as between the different levels of governments and administration" and "changes in the institutions of national government so as to take better account of the views and needs of all Canadians and regions. . . ."<sup>5</sup> The organization, performance, and acceptance of the federal bureaucracy are critical factors in achieving these and other objectives of the commission.

Certainly the bureaucracy is one of the major "institutions of national government" in Canada. Its almost 600,000 employees in twenty-seven departments and more than one hundred agencies, boards, and commissions vastly outnumber our elected representatives. More important, however, is the reality that most legislators exercise less power than senior bureaucrats in the Canadian political system. Even cabinet ministers — indeed, especially cabinet ministers — are obliged to rely heavily on the advice of expert and experienced bureaucrats. These appointed government officials not only exercise enormous influence on the development of public policy, including economic policy; they also have the authority



to make decisions affecting in a significant way individual and corporate citizens — and other governments — in all regions and provinces of the country. Bureaucratic actions are of course conditioned and constrained by elected representatives, but the importance in the policy process of a representative and responsive bureaucracy is evident.

### *The Three Rs*

Representation, responsiveness, and regionalism are key concepts in the study and practice of politics and government. The interrelations of these concepts are especially important in determining the nature of interaction between the central government and the regions and provinces in Canada. It is therefore essential to define, or at least to explain, these three concepts.

#### *Representation*

The term *representation* is used in a variety of ways. It is therefore more fruitful to specify appropriate uses of the term in particular contexts than to seek agreement on a single definition. A.H. Birch has outlined three commonly used and logically distinct usages:

- delegated representative — “to denote an agent or spokesman who acts on behalf of his principal”;
- microcosmic representative — “to indicate that a person shares some of the characteristics of a class of persons”; and
- symbolic representative — “to indicate that a person symbolizes the identity or qualities of a class of persons.”<sup>6</sup>

We shall see that all three usages help in varying degrees to explain the nature of bureaucratic representation. The notion of bureaucrats as delegates is more problematic than the other two usages because in Canada bureaucrats are not normally perceived or described as agents or spokesmen of a principal. Conceptually, however, all bureaucrats could be viewed as delegates of their minister or agency head — or even of their department or their government as a whole. Moreover, Hanna Pitkin has noted that there is theoretical support for the proposition that “all government officials, all organs of the state, are representatives.” She asserts further that an individual who performs a function for a social group

may seem to be its representative, for his actions may be attributed to it and are binding on it. The postman delivers mail for the United States government, and the government is responsible for damage he does in the line of duty. Judges represent the state in this way. So do ambassadors. Obviously, representatives defined in this manner need not be elected to office.<sup>7</sup>

There is also theoretical support for interpreting representation as *acting for* in such senses as acting on behalf of others, acting in their stead, acting in their name, or acting on their authority.<sup>8</sup> Bureaucrats may reasonably be viewed as representatives in these senses. Consider, for

example, bureaucrats who negotiate on their minister's behalf with officials of other governments or with pressure groups or who act in their minister's place at public meetings.

### *Responsiveness*

Regardless of whether bureaucrats are perceived as representatives of the many and diverse interests they serve, they are expected to be responsive to the needs and desires of these interests. Responsiveness and representativeness are analytically distinct, but closely interrelated and often complementary. Both have traditionally been considered central political values; more recently, both concepts have also been increasingly treated as administrative values. Greater attention has centred on how the bureaucracy, as well as the executive and the legislature, is or should be representative of and responsive to the needs and claims of various publics. Politicians are of course a central source of administrative values, and the emphasis on representativeness and responsiveness as administrative values suggests the conviction among politicians that governmental representation and responsiveness can only be adequately achieved with the assistance of the bureaucracy.

It is widely believed that the more representative governmental institutions are, the more responsive they are likely to be. We shall see that greater responsiveness of the bureaucracy does not necessarily flow from greater representativeness.

Like representation, the term *responsiveness* has many usages and is often interpreted broadly. Indeed, as it is generally understood, responsiveness encompasses relations between government officials and the many non-governmental actors in the political system. Responsiveness, both as a political and as an administrative value, has been especially closely linked to the movement for public participation that emerged during the 1960s and has had an enduring effect. A striking array of governmental mechanisms now exists to facilitate greater responsiveness to the requirements and demands of diverse interests among the public. These mechanisms include coloured papers, task forces, royal commissions, advisory bodies, and social surveys. More important for our purposes, however, are governmental mechanisms that have long existed or have been recently established to respond specifically to the needs and claims of individuals and groups in all parts of the country. Most notable are the field units of federal departments and agencies discussed in the section on structural responses to regionalism. Our examination of available mechanisms is limited to their present or possible effect on regional issues and interests.

### *Regionalism*

The term *regionalism* has also been given several meanings. The term refers here to the territorial dimension of the Canadian community, according

to which particular areas or regions of the country are distinguished from others by political, economic, historical, social, cultural, and linguistic characteristics. The difficulty of narrowing the meaning of *region*, the root of regionalism, is demonstrated by the Department of Regional Industrial Expansion Act (Bill C-152, 1983), which defines a region as "a province, a portion of a province, two or more provinces or adjoining portions of two or more provinces." The two most common interpretations of the term region are a province or one of five provinces or groups of provinces (the Atlantic provinces, Quebec, Ontario, the Prairie provinces, and British Columbia). The identification of region with province is useful for political analysis because "regional communities require an institutional framework if they are to become variable units which can express themselves and organize their collective life in an effective manner."<sup>9</sup> It is, however, primarily the second meaning of the term that is used in this study. When *region* and *province* are used interchangeably, it will be clear from the context.

Regionalism may be viewed not simply as a fact but also as a value, namely, the tendency to support and strengthen the regions within the federation:

Movements of thought or opinion which recognize regionalism as a value may seek to strengthen regional cultures, or to decentralize the activities of government, or to give the regions more effective control over the central decision-making process.<sup>10</sup>

Since the early 1960s, there has been a substantial increase in Canada in conflict between the federal government and the regions of the country. There has also been much friction between and among the regions themselves. Regionalism is often discussed in the context of interaction between Central Canada (the regions of Ontario and Quebec) on the one hand and the four eastern and the four western provinces on the other. However, our concern in this study is primarily with relations between the federal government and the regions or provinces and in particular with the contribution that the staffing and organization of the federal bureaucracy can make to improving these relations. In brief, our aim is to examine the extent to which the federal bureaucracy should be and could be more representative of and responsive to regional views and aspirations.

## **Representative Bureaucracy**

### ***The Meaning of Representative Bureaucracy***

There is disagreement among both scholars and administrative practitioners over the proper meaning and application of representative bureaucracy. The debate arises from differences of opinion about both the content and validity of the so-called theory of representative bureaucracy and the best

way of achieving a representative public service. It is essential, therefore, to examine the theory of representative bureaucracy as a basis for assessing its application in a particular governmental setting. Our specific interest is in the nature and extent of representative bureaucracy in Canada and in its implications for regionalism.

In its most extreme form, a representative bureaucracy is a miniature of society as a whole in terms of such characteristics as ethnicity, sex, education, religion, social class, and region of origin. This form may be usefully considered an ideal type, that is, a standard against which to measure progress toward a representative public service. But there has never been much support among either theoreticians or practitioners of public administration for pursuing this microcosmic model of bureaucratic representation. Certainly J. Donald Kingsley, who coined the term *representative bureaucracy* in 1944, interpreted the concept more narrowly.<sup>11</sup> He asserted that a bureaucracy was responsible when it was broadly representative and that it was representative when leaders of the governing party and senior bureaucrats shared similar backgrounds and values. His main emphasis was on the representation of the dominant upper-middle class of British society rather than on the representation of society as a whole. Yet his emphasis on social origin and social class was absent from a brief section in which he denounced the exclusion of women from the public service and contended that

the democratic State cannot afford to exclude any considerable body of its citizens from full participation in its affairs. It requires at every point that superior insight and wisdom which is the peculiar product of the pooling of diverse streams of experience. In this lies the strength of representative government. . . . In a democracy competence alone is not enough. The public service must also be representative if the State is to liberate rather than to enslave.<sup>12</sup>

This broader interpretation of representative bureaucracy by Kingsley is more closely attuned to the views of subsequent theorists. For example, in Paul Van Riper's widely quoted definition, a representative bureaucracy is "one in which there is a minimal distinction between the bureaucrats as a group and their administrative behaviour and practices on the one hand and the community or societal membership and its administrative behaviour, practices and expectations of government on the other." Van Riper noted further that "to be representative a bureaucracy must (1) consist of a reasonable cross section of the body politic in terms of occupation, class, geography and the like, and (2) be in general tune with the ethos and attitudes of the society of which it is part."<sup>13</sup> Although there is much room for debate about what is a reasonable cross section of society and what is in tune with its ethos and attitudes, this definition is more realistic in operational terms than the "bureaucracy as microcosm" definition provided above.

A provocative argument for a more representative bureaucracy in the United States was made by Norton Long, who claimed that in terms of its composition, the federal bureaucracy was more representative of the people than Congress was. He asserted that significant interests in society that were unrepresented or malrepresented in the legislature "receive more effective and responsible representation through administrative channels. . . ." <sup>14</sup> Long's thesis is especially relevant to Canada, where the representative and responsive nature of our national institutions of government is being debated. We shall examine later the applicability of Long's thesis to the Canadian political system.

Much of the recent analysis of representative bureaucracy has centred on the distinction and the relationship between active and passive representativeness. <sup>15</sup> The distinction is similar to that made earlier by A.H. Birch between a delegated representative and a microcosmic representative. Passive representativeness, which "concerns the source of origin of individuals and the degree to which, collectively, they mirror the total society," has been the usual focus of assessments of the representative nature of a bureaucracy. Active representativeness, which refers to a bureaucrat's actively seeking "the interests and desires of those whom he is presumed to represent, whether they be the whole people or some segment of it," is a broader and more controversial form of representative bureaucracy. It is also more difficult to measure because the link between active and passive representativeness is not clear and "we know too little about the relationship between a man's background and pre-employment socialization on the one hand, and his orientation and behaviour in office on the other." <sup>16</sup>

Frank J. Thompson made a persuasive argument, however, that "the appropriate question is less *whether* a link exists than *under what circumstances* it exists." He contended that "linkage is, at least in part, a function of conditions in the organization's environment, the issue area under consideration, the mobilization of employees into organized groups, and the positional and physical location of minority civil servants within the agency." <sup>17</sup>

A final theoretical contribution worthy of note is an ideal type of representative bureaucracy described as participatory bureaucracy. Harry Krantz has defined an optimal model of representative or participatory bureaucracy as "one in which numerical representation of each minority group at every significant occupational level of federal, state, and local government agencies would equal that group's percentage in the population of the jurisdiction serviced by that agency." <sup>18</sup> Although Krantz's concern was the under-representation of racial or ethnic minorities, women, and the poor in the United States, his stress on the importance of representation "at every significant occupational level" is directly relevant to the issue of representative bureaucracy in Canada.

## *The Virtues and Limitations of Representative Bureaucracy*

A central and common theme of these various theorists is that representative bureaucracy promotes administrative responsibility by increasing the responsiveness of bureaucrats to the public they serve. Advocates of representative bureaucracy usually present the following general line of argument. Bureaucrats have a great deal of authority and influence in government decision making. Yet the instruments available within and outside government, including the executive, the legislature, the courts, pressure groups, and the news media, cannot sufficiently check and constrain this bureaucratic power. A bureaucracy representative of society at large will be more responsive to public desires and will therefore exercise its power more responsibly.

This latter assertion is founded on several interrelated premises. First, people with similar social origins have similar socialization experiences (that is, experiences based on such factors as social class, education, religion, family, and region of origin). Second, the attitudes and values of bureaucrats are shaped by socialization experiences before they join the public service. Third, if the bureaucracy is selected on a representative basis from among the various interests in society, the socialization experiences of the bureaucracy and of the general population should be similar. Fourth, the bureaucracy should therefore be in tune with "the ethos and attitudes" of the public and should as a result make decisions and recommendations acceptable to the public. Thus representation in the bureaucracy on a demographic basis of the diverse interests in society should result in a responsive bureaucracy.

The validity and logic of some of these propositions and of the argument as a whole have been subjected to severe attack. Although it is widely recognized that the power of bureaucrats must be reconciled with responsibility, it is not generally agreed that existing mechanisms of control and influence over the bureaucracy are insufficient.

Other criticisms strike more directly at the heart of the theory of representative bureaucracy, namely, the thesis that a more representative bureaucracy is necessarily a more responsive bureaucracy. One criticism is that similar social origins are not perforce accompanied by similar social experiences. But even if they were, the socialization of bureaucrats before they enter government service is only part of a lifelong socialization. Bureaucrats are subject to powerful pressures to conform to the attitudes and values of the public service and especially of the department or agency in which they work. These pressures are particularly strong on bureaucrats ambitious for advancement. Thus socialization experiences within the bureaucracy tend to diminish or offset the influence of earlier socialization experiences. Bureaucrats develop both administrative and personal

attitudes and values that distinguish them from people of similar social origins whose interests they may have been recruited to represent in some way.

The absence of empirical data on the relationship between pre-occupational experiences and on-the-job behaviour has led one scholar to conclude that "the very cornerstone of the representative bureaucracy thesis has no direct evidence to support it" but that "the suspicion that pre-occupational socialization must have *some* influence is sufficient to maintain the thesis."<sup>19</sup>

A study of the U.S. public service led its authors to conclude that "apparently, agency socialization tends to overcome any tendency for the supergrades to hold attitudes rooted in social origins."<sup>20</sup> However, the methodology and the interpretation of the data in that study and similar studies have been criticized. Scholarly investigation has not yet responded adequately to the lament that we know too little about the effect of pre-employment socialization on bureaucratic attitudes and behaviour.

Another criticism of the theory of representative bureaucracy is that a responsive bureaucracy will not result simply from a bureaucracy representative of the general population. It is possible to have a bureaucracy that is a microcosm of the population as a whole in terms of its composition but that is not responsive in any significant way to the needs and claims of particular segments of the public. It is highly unlikely that Krantz's optimal model of participatory bureaucracy can be achieved. Yet for a more representative bureaucracy to be more responsive through meaningful influence in the policy process, underrepresented interests must be appointed to the appropriate departments and agencies and at the appropriate levels. There is, for example, little point as far as responsiveness is concerned in recruiting native people for the Department of Supply and Services or confining them to the lower ranks of the Department of Indian Affairs and Northern Development.

### ***Representative Bureaucracy in Canada***

Much of the scholarly literature on the theory and practice of representative bureaucracy has been written by Americans. But most of the theoretical considerations raised in this literature and summarized above are directly relevant to the issue of representative bureaucracy in other countries, including Canada. Moreover, there are many similarities in the practical problems posed for Canada and the United States by efforts to achieve more representative bureaucracies. Yet neither scholarly nor popular writings in Canada or the United States have paid much attention to the implications of representative bureaucracy for a federal state. The theoretical literature does not deal with this issue, and descriptions



of the representative nature of the public service focus on such variables as social class, education, race, and sex; region of origin receives secondary, if any, attention. In Canada, there has been no serious examination of the regional origins of public servants other than francophones. As a basis for discussion of the ramifications of representative bureaucracy in Canada, therefore, it is useful to review the evolution of the theory and practice of the concept in the Canadian context.

### *Canadian Writings*

Before examining representative bureaucracy in Canada, it is important to emphasize that representativeness is only one among several administrative values in the evolution of Canadian public administration. I have suggested previously that other prominent values in the study and practice of public administration in Canada are accountability, neutrality, efficiency and effectiveness, integrity, and responsiveness.<sup>21</sup> It is evident that these values can conflict with as well as complement one another. Thus, in assessing the benefits of a more representative bureaucracy, it is essential to assess its effects on other administrative values. Indeed, the major points of contention in a well-known debate on representative bureaucracy in Canada involved whether representativeness clashed with or complemented efficiency, effectiveness, political neutrality, and responsiveness.<sup>22</sup>

In this debate, Donald Rowat objected to John Porter's sacrifice of representativeness for the sake of efficiency and suggested that both values can be achieved. Rowat argued that representativeness "is essential to the efficiency of the bureaucracy, in the sense of the latter's effectiveness in a democratic, pluralistic society." Porter asserted that people of various social origins will be found in the bureaucracy in roughly the same proportion as in the population as a whole if there is equality of opportunity for public service positions, equality of educational facilities to qualify for these positions, and equality of motivation to join the public service. He noted that "in the theoretically ideal bureaucracy, the candidate for office neither gains nor loses as a result of ethnic, religious or regional origins."

Rowat, concerned more about the realizable than about the theoretically ideal bureaucracy, observed that Porter's conditions of equality did not exist and could not be easily achieved. Rowat supported an active pursuit of representativeness from among members of underrepresented groups and interests. He asked, for example, how there can ever be adequate regional representation in the bureaucracy without action to overcome the practical problem posed by the distance from Ottawa of several regions of the country. He also contended that representativeness and efficiency can be reconciled by actively recruiting from underrepresented groups people of high general intelligence, who can be promoted after receiving



additional education and training at the government's expense. Moreover, qualified people from such groups could be appointed from outside the public service.<sup>23</sup>

Porter's view was that recruitment and advancement of such "bureaucratic outsiders" is a violation of political neutrality. He stated that "since the basis of power associations are frequently ethnic, regional or religious, the idea that these groups should be represented in the bureaucracy contradicts the notion of the official as the servant of the state." Rowat denied that political neutrality would be diminished and contended that responsiveness would be enhanced. He feared that a bureaucracy composed only of career public servants "would lose contact with and lack understanding of the changing feelings, needs and desires of the great variety of people and groups" in Canadian society.<sup>24</sup>

Porter and Rowat anticipated the current debate over active and passive representativeness. They agreed that a French-Canadian outsider brought in at a senior level "must see himself as a [direct] representative of his ethnic groups"<sup>25</sup> because he was appointed primarily to remedy an imbalance. However, Rowat argued that public servants should not perceive themselves as directly representing any interest and that French Canadians appointed to lower levels of the bureaucracy and subsequently promoted on the basis of merit were less likely than those who enter at a senior level to regard themselves as direct representatives of their ethnic group.

Porter made two additional points worthy of note. First, he recognized that achieving effectiveness required that various groups and interests be represented in the senior ranks of the bureaucracy where the important decisions are made. Second, he detected an assumption in the notion of representative bureaucracy that our representative political institutions cannot cope with the demands of modern society and warned against looking to the bureaucracy for ways to offset the inadequacies of these institutions.<sup>26</sup> This point is especially relevant to current discussions of the appropriate role of the Canadian bureaucracy, which is viewed as one means of helping remedy deficiencies in the institutions of our national government.

Two decades after the Porter-Rowat debate, Wilson and Mullins wrote an insightful article on representative bureaucracy in Canada.<sup>27</sup> The focus was on the representation of francophones, but Wilson and Mullins related to the Canadian scene the general arguments for and against representative bureaucracy made by previous authors. Like Porter and Rowat, they did not address explicitly the issue of active versus passive representativeness; however, they did express doubt "that members of a bureaucracy chosen from various relevant groups will be likely to act as agents or spokesmen for their groups and group interests." Moreover, they concluded that support for representative bureaucracy "on the assumption that it would be politically representative in any meaningful

sense is not only bogus, but also dangerous.”<sup>28</sup> Wilson and Mullins, like Rowat, cautioned us not to stress technical efficiency at the expense of representativeness. We shall see later that their judgment that representativeness has suffered from an unduly narrow interpretation of the merit system is in keeping with present federal government policy.

Another perspective on the issue of representative bureaucracy in Canada has been provided by Dennis Olsen, who updated to 1973 the study of the bureaucratic elite conducted by John Porter in 1953.<sup>29</sup> On the basis of an examination of data on the social background, career, and education of federal and provincial bureaucrats, Olsen concluded that compared with the 1953 bureaucratic elite, the 1973 group is “more open, more heterogeneous, and probably more meritocratic. . . .” However, these changes have taken place very slowly, and Olsen envisaged that the overall future pattern would be characterized by a “market persistence of both social class and ethnic preferences in recruitment.”<sup>30</sup> Moreover, according to Olsen, the Canadian bureaucracy is far from becoming a genuine meritocracy.

We noted earlier Norton Long’s claim that compared to Congress, the federal bureaucracy in the United States was more representative of and therefore more responsive to the public. Sigelman and Vanderbok tested Long’s thesis in the Canadian context by examining whether bureaucrats were more open and less elitist than legislators in their policy preferences.<sup>31</sup> In particular, they compared the attitudes of federal and provincial politicians and bureaucrats toward the less advantaged segments of the population. They found that legislators were more favourably disposed than bureaucrats toward the less advantaged. Although acknowledging the limitations of their data, they concluded that “it was worthy of consideration . . . that the electoral process selects Canadian legislators who are more responsive to the needs of a broader constituency than civil servants.”<sup>32</sup> Unfortunately for this study, the data did not include responses to questions designed to measure attitudes toward centripetal and centrifugal forces within Canadian federalism. Even more important, however, is recognizing that the real challenge is not to make politicians and bureaucrats equally responsive; rather, it is to make both groups more responsive.

### *The Representativeness of the Canadian Bureaucracy*

The available data are insufficient to prepare a precise or detailed account of the extent to which the federal bureaucracy is a microcosm of society as a whole. However, on the basis of fragmentary evidence gathered from several sources, it is possible to paint a picture the broad outlines of which are an accurate but slightly dated reflection of reality.

As of the early 1970s, both the senior and middle ranks of the federal bureaucracy were unrepresentative of the total population. The middle ranks were more representative than the senior level, however, and were

regionally representative of the general population. Beattie et al. concluded that compared with the senior bureaucracy, the middle level was "quite open and heterogeneous." It drew "amply from a wide range of significant social categories in the Canadian mosaic — new and old-stock Canadians, the several regions of Canada, rural and urban areas, the various social class levels — all sectors, in fact, except the francophone population of Canada."<sup>33</sup> By contrast, the senior level of the bureaucracy contained an overrepresentation of males, anglophones, the middle and upper classes, Ontarians, and the well educated.

But Dennis Olsen, after comparing data for 1953 and 1973, has concluded that the senior echelons have gradually become more representative of the general population. He asserted that "the new elite is drawn from a little lower in the class system, ethnic representation is a little more balanced, the new elite is more highly educated than the old, and . . . a greater proportion of the new elite is made up of *career* civil servants."<sup>34</sup> Nevertheless, the senior level was not very representative of the total population. For example, 92 percent of the bureaucratic elite had university degrees, compared to 8 percent of the male labour force; only 3 percent were women; and people of British ethnic origin were substantially overrepresented, people of French origin were slightly underrepresented, and all other ethnic groups were heavily underrepresented. In terms of social class, the bureaucratic elite was primarily of middle-class origin, and "only 15% of the bureaucratic elite . . . could be described as *possibly* of working class origin . . . ."<sup>35</sup>

### *Canadian Policies and Practices*

It is clear that the federal bureaucracy is not in its composition a miniature of Canadian society as a whole; nor is the federal government seeking to achieve that end. Rather, the government is striving to improve the representation in the public service of a small number of traditionally underrepresented groups, namely, francophones, women, indigenous people, blacks, and the handicapped. There is as a consequence a great deal of information on the representation of these groups and on government efforts to enhance their representation. We shall examine briefly in turn the government's objectives in pursuing a more representative public service, the past and present obstacles to accomplishing this end, the policies and programs adopted to overcome these obstacles, and the results obtained. This examination will serve as a foundation for a description and analysis of regional representation in the federal bureaucracy.

The federal government's initiatives in promoting a more representative bureaucracy have been motivated by a mix of political, economic, social, and administrative considerations difficult to separate from one another. There are obvious short- and long-term benefits to a governing party that takes measures to enhance the economic and social status of such major segments of the population as women, francophones, and native people.

It is notable that government initiatives to ensure greater representation for these groups followed the organization of group members for political action and their vigorous presentation of grievances about their inequitable position in society in general and in the federal bureaucracy in particular.

Political benefits accrue to government from the symbolic effect of measures to increase the representation of specific groups. We noted earlier that symbolic representation — “to indicate that a person symbolizes the identity or qualities of a class of persons” — is a common type of representation. Increased representation of previously disadvantaged groups symbolizes the government’s acknowledgment of the legitimacy of the groups’ needs and demands.

Murray Edelman has observed that “we routinely institutionalize our symbolic reassurances in the form of constitutional or statutory guarantees and in the creation of administrative organizations.”<sup>36</sup> We shall see that the Canadian government has not only institutionalized symbolic reassurances but also increased the representation in the bureaucracy of the target groups mentioned above. This visible evidence of progress has additional symbolic effects. To group members, it demonstrates more equal access to public service posts; greater possibilities of upward mobility, especially when group members are appointed to senior positions; and, to put the matter bluntly, more employment opportunities.

Government’s quest for a more representative bureaucracy is motivated also by the belief that greater representativeness is likely to be accompanied by greater responsiveness, efficiency, and effectiveness. We have already mentioned the need to reconcile these administrative values. Moreover, we noted that a representative public service is not necessarily a responsive one — and vice versa. The Public Service Commission rejects complaints that equal opportunity programs for underrepresented groups reduce the efficiency and effectiveness of the public service. According to the commission, people making these complaints “do not fully understand that these programs were established to identify and eliminate obstacles” to the appointment and advancement of members of specific groups and that “these obstacles, by depriving the Public Service of the talents and abilities of members of these groups, detract from the responsiveness of the Public Service and the effectiveness of government programs and services.”<sup>37</sup>

There have been — and continue to be — strong institutional and attitudinal barriers to adequate representation of underrepresented groups. Appropriate representation of these groups can be achieved most successfully when group members have equal access to the education and training required to equip them for government service, equal interest in working for government, equal knowledge of job vacancies in the public service, and protection from discrimination. It is easy to show that each of the target groups has been treated inequitably in more than one of these respects.<sup>38</sup>

The general policy of the federal government is that public service appointments and promotions must be based on merit without discrimination on grounds of race, sex, religion, national origin, colour, or physical handicap. The government does nevertheless advocate and support measures to remedy the inadequate representation in the public service of particular groups. Within a broad policy framework provided by cabinet and in particular by Treasury Board, responsibility for increasing the representation of the target groups is shared by the Treasury Board Secretariat, the Public Service Commission, and individual departments.

The secretariat and the commission have played the lead roles in developing, interpreting, and monitoring a variety of equal opportunity and other programs in this area. The stated purpose of the equal opportunity programs is to ensure that all Canadians have equal access to employment in the public service and to redress historical imbalances in the representation of particular groups in the various parts and levels of the public service. To this end, the two agencies devised programs for francophones and women in the 1960s that were strengthened and supplemented by programs for indigenous people, blacks, and the disabled during the 1970s and 1980s.

These programs have been tailored to meet the needs and peculiarities of each target group, but programs may be grouped for analytical purposes into three categories: training and development; new or modified administrative units and practices; and vigorous recruitment. In the sphere of training and development, for example, programs have included training opportunities to upgrade women in the administrative support category for promotion to management posts; language training; and the Northern Careers Program for native people. Among new administrative structures in the Public Service Commission are the Office of Equal Opportunities for Women (1971), the Office of Native Employment (1972), and the coordinators of the program of services to handicapped people. Special efforts have been made through a variety of programs to recruit qualified people from all the target groups. There has, for example, been an employment program for blacks in Nova Scotia since 1973.

These programs to overcome artificial institutional barriers to public service employment are of limited use in overcoming attitudinal barriers, notably prejudice against the target groups that exists not only in the public service but also in society as a whole. There is, however, an ongoing effort in government to sensitize public service managers to the importance of removing obstacles to equal access to public service employment. Success in enhancing the participation of these groups is one element in the evaluation of managers' performance. The Public Service Commission has observed that "an important positive re-enforcement to managerial sensitization is the evaluation of managers vis-à-vis their utilization of human resources . . . specifically with respect to the participation of under-

represented groups.”<sup>39</sup> Indeed, the 1982 Treasury Board Policy on Performance Review and Employee Appraisal requires that executives and managers be evaluated on their success “in acting on policies concerning underrepresented groups (i.e., women, francophones, indigenous people and handicapped).”<sup>40</sup>

There have been complaints from public servants and from their unions that equal opportunity programs violate the merit principle and discriminate against candidates for appointment and promotion outside the target groups. In response to these complaints, the Public Service Commission has taken pains to explain the meaning of merit and its application to these programs. The commission’s view is that merit is a dynamic principle whose application requires the reconciliation in the public interest of the values of efficiency and effectiveness, sensitivity and responsiveness, equality of access to public service employment, and equity. A precise statement of the commission’s position is important to subsequent discussion:

It is . . . in the public interest that appointments to and promotions within the ranks of the Public Service be based on objective factors such as knowledge, ability and personal suitability.

In addition, economy, efficiency and effectiveness must be crucial factors in the provision of service to the Canadian public. The notion of public interest also suggests that the Public Service should be *sensitive and responsive to the needs and concerns of a diverse community* of Canadians. This implies that the federal Public Service be capable of serving Canadians in both official languages, that it have *a good understanding of the various communities in Canadian society* and that it provide for effective equality of opportunity for employment . . . . Its role as an employer requires that it deal with public servants in a fair and impartial manner.<sup>41</sup>

The commission has repeatedly stated that its programs to achieve equal access for underrepresented groups do not amount to reverse discrimination because in appointments and promotions, individual abilities rather than group characteristics are emphasized. Not only the commission but the government as a whole has resisted pressure to follow the example of the United States in setting quotas for the employment of underrepresented groups. According to the commission, quotas are neither practicable nor desirable. They require that judgments be made about which groups or interests should be represented in the bureaucracy, at what levels and in which departments. Moreover, quotas clash with the merit principle because they create two classes of public servants, namely, those who received their jobs because of merit and those who received their jobs because of membership in an underrepresented group.

The commission has, however, supported the Treasury Board requirement that departments set realistic targets for increasing the representation of the target groups. The commission asserts that these targets are

not quotas; rather, they are yardsticks with which to measure the government's success in attracting qualified candidates from underrepresented groups.

Despite its efforts to increase the representation of the target groups, the government is not satisfied that sufficient progress has been made. It is true that francophones are now represented in the federal bureaucracy in a proportion very close to their representation in the population as a whole. Their representation in the public service increased from 12.25 percent in 1946 to 26.8 percent in 1982. They make up 19.5 percent of the management category and 22.2 percent of all officer categories.<sup>42</sup> Yet the Commissioner of Official Languages stated in 1981 that it is "of the first importance, though not sufficiently noted, how few francophones are to be found among deputy ministers and even assistant deputy ministers of strategically placed federal institutions like Treasury Board, Finance, the Federal-Provincial Relations Office, the Privy Council Office and the Ministries of State for Social and Economic Development." He claimed that "the fingers of one hand would be more than adequate to enumerate the total of francophones in this charmed circle."<sup>43</sup>

Women and other target groups are not as well represented as francophones. Between 1975 and 1982, the percentage of women in the public service rose from 35.6 percent to 40.4 percent. Of these women, 70.7 percent were working as support staff, 29.2 percent were in the officer categories, but only 0.2 percent were in the management category. The federal government estimates that indigenous people constitute as much as 4 percent of the Canadian population, but as of December 1981, they made up less than 1.5 percent of the public service. Of these employees, 54 percent worked for the Department of Indian Affairs and Northern Development, and the majority of the rest worked in five other departments (Health and Welfare, Employment and Immigration, Environment Canada, National Defence, and Transport). Less than 0.5 percent of positions in the management category were occupied by indigenous people. In 1981, handicapped people made up about 5 percent of the population but less than 0.5 percent of the public service.<sup>44</sup>

In June 1983, the federal government announced its continued commitment to a bureaucracy "that is representative of and responsive to the people it serves" and introduced an affirmative action program to accelerate the participation in the public service of the target groups. Affirmative action was defined as "a comprehensive systems-based approach to the identification and elimination of discrimination in employment. It makes use of detailed analyses to identify and systematically remove employment policies, practices and procedures which may exclude or place at a disadvantage the three target groups" (women, indigenous people, and handicapped people). The government stressed that the merit principle is to be preserved and that the numerical goals being set were not quotas but rather "an estimate of what can be achieved when systemic



barriers are eliminated and some temporary special measures are put in place to accelerate training and development experience.”<sup>45</sup> The president of the Treasury Board announced that implementation of the affirmative action program will be viewed as a major consideration in the performance evaluation of deputy ministers. Although this affirmative action program does not establish quotas, its use of temporary special measures, numerical goals, and pressure on senior bureaucrats to achieve these goals is likely to result in greater emphasis on responsiveness or sensitivity than on efficiency or effectiveness. In this regard, the Commissioner of Official Languages has recently observed that the difficulty of meeting targets for the recruitment of francophones has meant that “some departments have been perceived as flirting with the kind of affirmative-action recruitment that downplays merit and job-related requirements in favour of a particular language group. The unspoken premise is that minority-language numbers cannot be raised in any other way than through preferential hiring of people who would not be competitive on professional grounds alone.” The commissioner rejects this assumption as “an unnecessary counsel of despair.”<sup>46</sup>

### ***Regionalism and Representative Bureaucracy***

The conclusions that can be drawn from the foregoing analysis provide a valuable framework for assessing the desirability of making the federal bureaucracy more representative regionally.

It is notable that there is little empirical evidence that a more representative bureaucracy is a more responsive bureaucracy. Yet both the theory of representative bureaucracy and Canadian government policy are based in large part on the view that a bureaucracy more representative of the various interests in society will probably be more responsive to the needs and aspirations of these interests. Thus it is widely believed that in the public service, representativeness promotes responsiveness. The extent to which representativeness is compatible with such other administrative values as efficiency, effectiveness, and neutrality is more debatable. Depending on the circumstances, the pursuit of representativeness may complement or clash with these values.

The need to reconcile these values with representativeness is recognized in the Public Service Commission's flexible interpretation of merit as including the value of equal access and the values of efficiency, effectiveness, sensitivity, responsiveness, and equity. It is clear that the federal government considers its policies and programs to increase the participation of underrepresented interests a means of redressing historical imbalances and inequities; the government denies that these measures involve any reverse discrimination or encroachments on the merit principle.

It is essential to remember that these initiatives are not designed solely to promote particular administrative values; political objectives are just



as important and may well be more important than administrative considerations in stimulating federal government moves toward a more representative public service. Federal programs to increase the representation of such large target groups as francophones, women, and native people have been largely a response to the growing influence and visibility of these groups in the political system. Political parties can gain electoral support by enhancing the social status and economic opportunities of these groups. Moreover, the symbolic effect of federal efforts to enhance the participation of formerly disadvantaged groups tends to increase the attractiveness of the federal government relative to other levels of government. The federal government and federal political parties do run the risk, however, of losing support among segments of society opposed to the increased participation of these groups.

To date, the federal government has used four strategies to reduce the institutional and attitudinal obstacles to greater representation of target groups. These strategies are training and development, new or altered structures and practices, active recruitment, and the sensitization of public service managers. The use of a quota system has been rejected, but departments have been assigned numerical goals for the appointment and promotion of underrepresented groups. Despite the focus of formal programs on these target groups, the federal bureaucracy is at the same time gradually becoming somewhat more representative of the population as a whole in terms of social class, education, and ethnicity.

An examination of the theory and practice of representative bureaucracy suggests the need for caution in viewing the bureaucracy as a representative political institution. There is, for example, insufficient evidence to affirm or deny that bureaucrats are more responsive than legislators to public needs and claims. Moreover, a bureaucracy representative in the passive sense is unlikely in the Canadian context to result in substantial bureaucratic representation in the active sense. Common sense, but little hard evidence, suggests that bureaucrats who share the socialization experiences of particular interests are likely to be more sensitive than bureaucrats without such experiences. These bureaucrats cannot, however, have much meaningful input into decisions affecting these interests unless they hold senior posts in central agencies or departments responsible for serving these interests.

Furthermore, regardless of their socialization experiences or the bases on which they were appointed, bureaucrats tend to be resocialized to the attitudes and values prevalent in their working environment. Bureaucrats are obliged to accommodate whatever representative inclinations they may have to the values deemed most important by their political and administrative superiors. Neither government policy nor practice usually permits a bureaucrat's active sense of representativeness to override considerations of accountability, efficiency, effectiveness, and neutrality.

An essential basis for examining the implications of these conclusions for the desirability and feasibility of a regionally representative federal bureaucracy is the extent to which the present bureaucracy is regionally representative. The paucity of research on this subject makes necessary the collection and analysis of data from disparate sources. During the past decade, academics and government officials have paid little attention to regional representation except as it relates to initiatives affecting specific groups, notably francophones and native people. Current data on the regional representativeness of the middle level of the bureaucracy are especially difficult to find. There have, however, been some studies of the senior echelons.

Beattie et al. concluded in 1972 that the middle level of the federal bureaucracy was representative of the country's regions (except Quebec) and that it was more regionally representative than the senior levels.<sup>47</sup> But Beattie's data on the senior bureaucrats were taken from studies conducted in the 1950s and 1960s. Dennis Olsen's research on the bureaucratic elite as of 1973 indicated that the senior levels of the bureaucracy were more regionally representative than Beattie had suggested.<sup>48</sup> Olsen not only collected data for 1973 on the region of origin of 183 members of the bureaucratic elite from both government departments and public corporations; he also compared his findings to John Porter's 1953 data (see Table 1-1). Among the notable features of the regional representativeness of the bureaucratic elite in 1973 was the significant overrepresentation of the Prairie provinces and the underrepresentation of the Atlantic provinces and, to a lesser extent, of British Columbia and Quebec relative to other regions of the country.

**TABLE 1-1 Canadian Federal Bureaucratic Elite and Canadian-Born Population by Region of Origin**

Region	Percentage Born in Region			
	Bureaucratic Elite		Canadian-Born Population	
	1953	1973	1951	1971
Atlantic provinces	9.9	7.1	14.5	12.8
Quebec	23.6	27.9	32.5	31.0
Ontario	42.9	31.1	30.5	30.9
Prairie provinces	18.7	28.4	18.2	18.9
British Columbia	4.9	5.5	4.3	6.4
All regions	100.0	100.0	100.0	100.0

*Source:* Adapted from Dennis Olsen, "The State Elite in Canadian Society" (Ph.D. thesis, Carleton University, 1977), p. 262.

*Note:* Federal bureaucratic elite includes only Canadian-born. Sample size for 1953 data was 182; sample size for 1973 data was 183.

Because the federal government gathers data largely for administrative purposes rather than for research and is restricted by human rights legislation in the information it can request from employees, it is unable to provide much current information on the regional origins of senior bureaucrats. Whereas Olsen's data were based on a survey of the bureaucratic elite that included executives in public corporations and in regular departments, the most recent data available cover the entire population of only the senior executives subject to the Public Service Employment Act as of 1977. The picture provided in Table 1-2 of the regional origins of senior bureaucrats is somewhat different from that painted by Olsen: the Atlantic provinces are much better represented but Quebec and British Columbia are still underrepresented.

**TABLE 1-2 Senior Government Executives and Total Population by Region of Origin, Canada, 1977**

Region	Percentage Born in Region	
	Senior Executives	Total Population
Atlantic provinces	9.5	9.5
Quebec	23.7	27.1
Ontario	43.2	35.9
Prairie provinces	16.0	16.5
British Columbia	7.6	10.7
Yukon	—	.1
Northwest Territories	—	.2
All regions	100.0	100.0

*Source:* Data on the percentage of senior executives in the public service were provided by the Public Service Commission in January 1978. Data on the total population are from the 1976 census of Canada, Volume 5.

*Note:* Data on executives are for executives subject to the Public Service Employment Act.

The Public Service Employment Act does not direct the Public Service Commission or government departments to ensure that individual departments or all departments taken together are regionally representative. However, in fulfilling its responsibilities to interpret and apply the merit principle, the commission has adopted practices to seek equality of access to public service positions for Canadians from every region. The commission has established a network of offices in all regions of the country. These offices provide advice and assistance to departments in the conduct of their staffing activities. Specifically, the offices maintain inventories of applicants to facilitate prompt identification of those qualified for job vacancies. In 1982, the commission began to develop a National Applicant Inventory System that will, among other things, enable the commission's offices in all ten provinces and the two territories to have information on all applicants for public service posts no matter where applicants

applied. The intent is to "assist applicants of all origins and from all parts of the country in participating in the public service."<sup>49</sup>

It is notable that complaints from inhabitants of some regions that francophones, particularly francophones from Quebec, are over-represented are not supported by the facts provided earlier. Moreover, a significant proportion of the increase in francophone representation during the past 15 years has been drawn from provinces other than Quebec. The extent to which francophone public servants are recruited from Quebec is a matter of considerable importance and some debate. The major objective of the recommendations of the Royal Commission on Bilingualism and Biculturalism in regard to the federal bureaucracy was to create a working environment to which qualified candidates from Quebec would be attracted. The commission reported in 1969 on the public service's failure "to attract Francophones, particularly those from Quebec apart from Hull, to Ottawa" and on the fact that the public service drew "more than half of its Francophone personnel from Ontario and nearby Hull."<sup>50</sup> Subsequent measures to achieve greater francophone representation in the public service have had primarily a regional objective, namely, greater responsiveness to Quebec's needs and interests through enhanced representation of the province's dominant linguistic and cultural group.

Initiatives to increase the representation of Quebec francophones are motivated by a complex mix of considerations, but the symbolism of equitable representation has important political implications. The presence of Quebec francophones in all parts and at all levels of the bureaucracy would provide tangible evidence of federal recognition of the legitimacy of Quebec's needs and interests within Canadian federalism; it would also enhance the legitimacy of the federal government in the eyes of francophone Quebecers. However, several scholars have questioned the utility of the increased representation of francophones that has occurred. In 1978, Hubert Guindon claimed that because most of the expansion in francophone participation was a result of recruiting French Canadians from outside Quebec who were already bilingual, the political relevance for Quebec was questionable.<sup>51</sup> During the same year, the Commissioner of Official Languages observed that

the problem is much the same as it has always been. The over-all proportion of francophones in the Public Service is about on par with the national ratio — around 25% — but their geographic, hierarchic and sectorial (sic) distribution is still very uneven. . . . The problem is essentially a human one which is not amenable to organizational solutions as they are usually understood in government circles. In simple terms, . . . people know where they are wanted. But, by the same token, they readily discover where they are *not* wanted and make their arrangements accordingly, and francophones have yet to be persuaded — deep down — that they are welcome in Ottawa."<sup>52</sup>

Another important consideration, however, is that the countertug provided by attractive job opportunities in the francophone milieu of the

Quebec public service is greater for francophones from Quebec than for those outside Quebec.

The federal government asserts that it has no hard data to support or deny claims about the regional origins of francophone public servants. The government may of course be ill-advised to gather or publicize such data. It could benefit politically from demonstrating success in attracting Quebec francophones to Ottawa, but it could suffer adverse political consequences if all it can provide is evidence of progress rather than of substantial achievement.

Francophones are the only target group whose increased participation in the federal bureaucracy has major implications for the issue of regional representation. The Black Employment Program in Nova Scotia is designed to improve the representation of a particular race rather than of a region. However, measures to increase the representation of native people at middle and senior management levels tend to promote greater government responsiveness to a substantial portion of the population in Yukon and the Northwest Territories.

There seems no pressing need, except perhaps in Quebec, to use the remedial strategies outlined earlier to enhance regional representation in the federal bureaucracy. We shall see in the section on structural responses that the regionally representative nature of the bureaucracy can be and has been advanced through institutional and structural initiatives designed largely to achieve other purposes.

Research and publications on representative bureaucracy in Canada have centred on the federal public service. Consequently, our knowledge of the representativeness of the provincial bureaucracies is limited; moreover, comparatively little information is available for the analysis of representative bureaucracy in the provinces. Representative bureaucracy is clearly a much more politically salient issue in some provinces than in others, and the particular groups considered inadequately represented also vary from one province to another. The underrepresentation of women is an important matter in all provinces, whereas concern about the participation of such other groups as francophones, anglophones, and native peoples is restricted to particular provinces.

In New Brunswick and to a lesser extent in Ontario, much political and bureaucratic attention has been and continues to be focussed on the underrepresentation of francophones. In 1983, francophones in New Brunswick, who constitute approximately 33 percent of the province's population, held only 17 percent of the senior management posts in the public service. Remedial strategies similar to those used in the federal public service and described above have recently been proposed or adopted in both New Brunswick and Ontario.

In Quebec, the representation of anglophones at the senior levels of the public service has declined substantially since the early 1960s. In 1959, anglophones made up 4.5 percent of the senior bureaucracy but by 1975

only 1.7 percent of the senior ranks were occupied by anglophones.<sup>53</sup> That anglophones are severely underrepresented in the Quebec public service in comparison to francophones in the federal service has stimulated some Canadians, especially outside Quebec, to question the desirability of increasing francophone participation in the federal bureaucracy and in particular provincial bureaucracies. In the early 1980s, Quebec took measures to increase the representation in the public service of various minority groups, including anglophones; to date, these measures have enjoyed very limited success.

There has been little research on the government by academics has examined the effects on federal-provincial relations of the overrepresentation or underrepresentation of various groups in the provincial bureaucracies. A tantalizing hypothesis worthy of further examination is that there is competition between federal and provincial governments for the loyalty of particular groups. The objective of the competition is to attract the support of these groups by giving them greater representation and thereby drawing them away from the other level of government, which is perceived as less responsive. At present, for example, native people look more to Ottawa than to the provincial capitals, and francophone Quebecers have an affinity for Quebec City, whereas anglophone Quebecers are inclined toward Ottawa. Part of the explanation for these attachments seems to lie in the opportunities for participation in the respective bureaucracies of the federal and provincial governments.

In general, the issue of representative bureaucracy within the Canadian provinces has not had and is unlikely to have a major effect on federal-provincial relations. In particular, the issue is not likely to affect significantly the capacity and inclination of the federal bureaucracy to respond to regional requirements and ambitions.

## **Structural Responses to the Challenge of Regionalism**

This section examines existing and potential bureaucratic institutions and mechanisms bearing on the federal government's capacity to respond appropriately to regional interests. The primary focus is on the implications for federal-regional and federal-provincial relations and, to a lesser extent, for representative bureaucracy of the geographic dispersal of federal operations and employees to field units across Canada.

Some of the issues discussed in this section were addressed as early as 1967 in a Ph.D. thesis written by the late Donald Gow.<sup>54</sup> His contribution has been largely unacknowledged in Canada's scholarly community; certainly references to his work in the academic literature are rare. Yet his examination of federal political and administrative institutions anticipated several reforms made since or now under consideration. It is appropriate, therefore, to introduce this part of the study by summarizing his main proposals.

Gow suggested that federal administrative institutions be reformed so that the first major organizational split in government functions would be according to region rather than according to industrial and social categories. In organization theory, this approach is commonly described as organization by place rather than by purpose or clientele. Gow argued that the orientation of federal bureaucrats toward particular industrial and social aggregates has meant that neither the federal cabinet nor the bureaucracy has been able to respond adequately to regional, cultural, and ethnic needs and aspirations. As a result, this function is being performed increasingly by provincial governments, and the federal cabinet is losing power to federal-provincial conferences.

To remedy this problem, Gow proposed a large-scale geographic decentralization of nine federal departments, each of which already had field offices providing programs in various parts of the country. He envisioned the grouping of these field units into five major regions and suggested that the departments' programs could differ somewhat from region to region. His concern for improved interdepartmental and intergovernmental cooperation and coordination is demonstrated in part by his observations that most of the federal programs "could stand being related to one another on an intra-regional, cross-departmental basis" and that "most of them also impinge on programs being carried out by provincial administrations."

Gow also proposed a reorganization of the cabinet involving, among other changes, the appointment of full-time regional ministers each of whom would be assisted by a deputy minister designated as a regional commissioner and posted in the region. The commissioners' overriding responsibility would be to promote coordination among federal departments in the region and between these departments and provincial and municipal governments.

It is notable that actual and proposed reforms in federal and administrative institutions have moved in the direction of Gow's vision of the future; it is also significant that virtually all his suggestions are attuned to the intrastate rather than the interstate model of federalism.

More recently, Paul Pross has examined the gradual movement in Canada away from territorially based systems of policy formation and administration toward functionalist systems. He observed that the federal government had to date "failed to create territorially responsive institutions at the federal level, and the country has not responded to such developments as the increasingly narrow specialization of occupational and other interests and the improvements in transportation and communication by creating politically salient associations on national axes." He concluded that "the forces of federalism have failed to co-opt the forces of regionalism. The pull of territorialism, represented by the provincial governments, has remained unexpectedly prominent."<sup>55</sup>



## ***Geographic Decentralization***

It is essential to explain the meaning of geographic decentralization<sup>56</sup> used in this study while avoiding a lengthy treatment of the complex political and managerial issue of centralization versus decentralization. Geographic decentralization exists when deconcentration is combined with the delegation of authority for the performance of particular tasks to employees in field units. Deconcentration is the dispersal or relocation of employees from the headquarters of an organization to field units away from headquarters.

It is common to refer to degrees of geographic decentralization; these degrees depend on the extent of the delegation of authority. It is possible for a department to have a large and sophisticated network of field offices with little or no authority to make decisions on their own. Moreover, a department can be centralized and decentralized at the same time. The headquarters staff of a department may require that field employees in various offices follow uniform policies but grant these employees discretion to develop and implement solutions for problems in their area within a framework of guidelines set by headquarters. In practice, government departments tend to delegate authority to field personnel for operational matters but to retain centralized control over policy and program matters. We shall discuss later some notable exceptions to this general practice that have significant implications for federal-provincial relations.

As of December 1982, nearly 68 percent of the 222,582 federal employees subject to the Public Service Employment Act worked outside the National Capital Region (that is, outside the Ottawa-Hull area).<sup>57</sup> These employees are spread across the vast expanse of Canada in field units varying greatly in purpose, size and organization. The distribution of employees by geographic area is shown in Table 1-3.

The current balance between the number of employees at headquarters and in the field is a culmination of the interplay over more than a century of political, administrative, economic, and geographic factors. In the earliest days of Confederation, it was necessary to establish outposts for such government services as the post office and customs. The subsequent geographic dispersal of the public service is a complicated story of governmental response to the challenge of providing a broad range of services to a population spread across a continent. Table 1-4 shows the distribution of employees inside and outside the National Capital Region. Virtually all government departments now have field units of substantial but differing size.

In most federal departments, there is a striking similarity between the extent of deconcentration in 1983 and 1971.<sup>58</sup> A few departments have become either more or less deconcentrated (for example, Consumer and Corporate Affairs now has 42 percent rather than 37 percent of its



**TABLE 1-3 Federal Employees by Region, Canada, 1982**

<b>Geographic</b>	<b>Employees in Area</b>	
	<b>Number</b>	<b>Percentage</b>
Newfoundland	5,370	2.4
Prince Edward Island	1,638	.7
Nova Scotia	14,023	6.3
New Brunswick	7,450	3.4
Quebec (except NCR)	31,466	14.1
Quebec (NCR)	17,022	7.6
Ontario (except NCR)	36,660	16.5
Ontario (NCR)	55,020	24.7
Manitoba	10,338	4.6
Saskatchewan	5,988	2.7
Alberta	13,021	5.9
British Columbia	20,400	9.2
Yukon	943	.4
Northwest Territories	1,508	.7
Outside Canada	1,735	.8
All Areas	222,582	100.0

*Source:* Adapted from Public Service Commission, *Annual Report 1982*, p. 48, Table 2.

employees outside the National Capital Region, whereas the Department of Justice now has 25 percent rather than 35 percent outside this area). Many factors can affect the desirability and evolution of departmental deconcentration, but there seems to have been very little movement toward the increased dispersal of federal operations during the past decade.

Several purposes and benefits are claimed for geographic dispersal of departmental tasks. There is the overriding practical need to deliver federal programs across the country and indeed around the world as efficiently, effectively and responsively as possible. Some government operations (for example, agricultural research) can be conducted only in specific parts of the country; other government activities, especially those of a service or regulatory nature (for example, postal services or the inspection of products), must be performed by field units throughout the country. In a few notable cases, field offices must be in close proximity to individuals and groups (for example, veterans and native peoples) receiving benefits from the federal government. In general, it is argued that the geographic dispersal of departments, especially if complemented by a reasonable delegation of authority to field units, improves the administration of government programs by enhancing the sensitivity and responsiveness of bureaucrats to public demands. This dispersal also facilitates efficiency and effectiveness through quicker decision making. We shall see later that geographic dispersal does not always have these positive results and that some significant political objectives are involved in decisions on the creation, operation, and exercise of authority by field units.

**TABLE 1-4 Federal Employees inside and outside the National Capital Region, Canada, August 1983**

Department or Agency	Number Inside	Number Outside <sup>a</sup>	Total	Percentage Outside
Agriculture	2,966	6,734	9,700	69.4
Communications	1,488	752	2,240	33.6
Comptroller General	178	—	178	.0
Consumer and Corporate Affairs	1,433	992	2,425	40.9
Employment and Immigration	2,940	22,310	25,250	88.4
Energy, Mines and Resources	4,120	697	4,817	14.4
Environment	2,080	9,435	11,515	81.9
External Affairs	2,599	1,621	4,220	38.4
Federal-Provincial Relations Office	55	5	60	8.3
Finance	809	5	814	.4
Fisheries and Oceans	721	5,154	5,875	87.7
Indian and Northern Affairs	1,447	4,770	6,217	76.7
Industry, Trade and Commerce	1,662	918	2,580	35.1
Justice	872	475	1,347	35.2
Labour	486	326	812	40.1
Ministry of State for Economic Development	138	77	215	35.8
Ministry of State for Science and Technology	155	2	157	.6
Ministry of State for Social Development	86	5	91	5.5
National Defence	6,369	27,554	33,923	81.2
National Health and Welfare	3,655	5,325	8,980	59.2
National Revenue (Customs and Excise)	1,753	8,115	9,868	82.2
National Revenue (Taxation)	3,324	12,423	15,747	78.9
Privy Council Office	352	1	353	.1
Public Service Commission	1,910	544	2,454	22.2
Public Works	3,123	5,460	8,583	63.6
Secretary of State	2,249	817	3,066	26.6
Solicitor General	239	16	255	6.3
Supply and Services	6,903	3,243	10,146	31.8
Transport	3,949	16,785	20,734	81.0
Treasury Board	783	1	784	.1
Veterans Affairs	580	2,901	3,481	83.3
Canadian Grain Commission	0	788	788	100.0
Canadian Intergovernmental Conference	23	0	23	0.0
Other agencies	12,544	13,124	25,668	51.1
All departments and agencies	71,991	151,375	223,366	67.8

Source: Compiled from data provided by the Public Service Commission of Canada.

a. Includes 1,652 employees outside Canada, of whom 1,462 work for External Affairs.

In response to political and administrative incentives for geographic dispersal, federal departments, acting largely in isolation from one another, have developed an extremely complex arrangement of field units. There are significant differences among departments, and indeed among branches of departments, in the levels of organization in their field apparatus and in field office boundaries. The variations are so great that the organizational patterns of field units could be appropriately classified only after lengthy inquiry and analysis. Most departments with any significant number of field units and personnel have at least two levels of organization in the field (that is, district offices reporting to regional offices, which in turn report to headquarters). Some departments have as many as three or more levels of organization. For example, the Spectrum Management and Government Telecommunications units of the Department of Communications have 5 regional offices and 48 district and subdistrict offices. The geographic boundaries of the regional offices of many departments (for example, Labour, Environment, and Veterans Affairs) coincide with the five major regions of Canada outlined in our earlier discussion of regionalism.

The use of dots on a map of Canada to depict the locations of federal field units would show a concentration of units in the major urban centres of the country, especially when these centres are also provincial capitals. However, even in such capital cities as Fredericton, Quebec City, and Victoria, which are not the most dominant economic centres in their respective provinces, there is a concentration of field units of federal departments. Among the many criteria determining the location of field units is proximity to departments and agencies of provincial governments. The location in the same city of federal and provincial officials performing related or overlapping activities can facilitate collaboration and coordination (for example, in such policy fields as agriculture, transportation, and housing). The extent of intergovernmental cooperation depends on diverse factors, including the history of relations between the departments involved and the degree of competition over jurisdiction. However, organizational proximity can lead to conflict, as well as collaboration, between federal and provincial officials.

There is regrettably little current evidence, even of the case study variety, on the characteristics of relations between federal field units and provincial government departments. The conventional wisdom is that good relations between these bodies are desirable not only to provide better service to the public but also to improve the state of federal-provincial relations generally. It seems reasonable to argue that federal responsiveness to the various regions and provinces of the country would be enhanced by stimulating consultation and coordination between federal field offices and provincial departments. But in the absence of hard data on the present nature and extent of cooperation, it is risky to make recommendations for change. Detailed knowledge of the experience of several departments

is required. It is clear, however, that relatively little attention has been paid either to the benefits and drawbacks of organizing federal departments by place as opposed to other criteria or to the effects of such organization on federal-regional and federal-provincial relations.

### *From DREE to DRIE*

The development of federal regional economic policy provides an excellent case study of the geographic decentralization of a federal department. The evolution of regional economic policy and, in particular, of the Department of Regional Economic Expansion (DREE) has been described in detail elsewhere;<sup>59</sup> the focus here is the implications and lessons of this decentralization for federal-provincial administrative relations and for the decentralization of other government departments and agencies.

Ever since Confederation, the federal government has taken initiatives to reduce regional economic disparities. But several interrelated events in or around 1957 led to an unprecedented concern in the 1960s about reducing regional differences in economic growth and ameliorating the regional effects of these differences. These events were the 1957 Tax Sharing Agreement, the publication in 1957 of the Report of the Royal Commission on Canada's Economic Prospects, the 1957 election of Mr. Diefenbaker as prime minister, and the economic recession of the 1957-62 period. During the 1960s, the main policy responses to regional economic disparities were the 1961 Agricultural Rehabilitation and Development Act (ARDA), the establishment of the Atlantic Development Board in 1962, the 1965 Area Development Incentives Act, and the 1966 Fund for Rural Economic Development (FRED). There was little coordination by central agencies of these and other initiatives either within the federal government or between the federal and provincial governments. Policies and programs were developed and administered by individual federal departments on the basis of direct contacts between federal departmental officials and their provincial counterparts; interdepartmental coordination was limited.

The need for improved coordination of the formulation and implementation of regional economic policy was a major stimulus for the creation of DREE in 1969. Most programs affecting regional development, including ARDA and FRED, were incorporated into this new department; moreover, the department was organized on a regional basis with three assistant deputy ministers at headquarters, each of whom was responsible for one of three regions (eastern, central, and western). A field office, headed by a director general, was established in each provincial capital.

Other important stimuli leading to the establishment of DREE were the shift in emphasis from remedies for regional disparities in rural areas to industrial and urban development and three government-wide priorities of the mid-1960s, namely,

a) the pursuit of efficiency in federal expenditures through a concentration upon medium-term . . . objectives and the PPB system of resource management; b) the achievement of a greater public visibility in federal expenditures and of a new constituency for federal services other than the provinces in order to counteract centrifugal forces within the federation; and, c) the direction of federal policies . . . towards definite *federal* goals.<sup>60</sup>

Here we have evidence in the latter half of the 1960s of a recurring theme during the 1970s and especially during the 1980s — concern about enhancing federal visibility in the provinces and about the need for regional perspectives by the federal government. These were early signs of the centralist version of intrastate federalism.

Serious criticisms of DREE's policies and operations emerged very quickly. A departmental policy review was undertaken in 1972 to examine complaints about such matters as inadequate coordination between DREE and other federal departments and within divisions of DREE itself, undue centralization of planning and decision making in Ottawa, a related lack of decentralization of authority to field offices, and inadequate influence by provincial governments on federal decisions affecting economic development in their respective provinces. Following deliberations within the federal government and federal consultations with provincial governments, the federal cabinet decided to decentralize both the decision making authority and operations of DREE and to adopt a new mechanism for federal-provincial cooperation in regional economic development — the General Development Agreement (GDA).

Structural changes to effect the decentralization of DREE included the reorganization of the department into four regions (Ontario, Quebec, the Western region — British Columbia, Alberta, Saskatchewan, and Manitoba — and the Atlantic region — New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland), each with a regional office headed by an assistant deputy minister. The ten provincial offices, whose previous role had been limited to program implementation, were strengthened both in decision-making authority and in personnel. Indeed, all consultations and contacts between headquarters and regional staff on the one hand and provincial governments on the other were to be channelled or cleared through provincial offices. The ratio of headquarters to field office staff was to be reversed from 70:30 to 30:70.

The GDAs were 10-year agreements drawn up between the federal government and each of nine provinces (Prince Edward Island had signed a 15-year Comprehensive Development Plan in 1969). The GDAs were enabling agreements in the sense that they set out the broad objectives for both levels of government, areas of concern, and the process of joint decision making. Each GDA provided for subsidiary agreements that outlined specific projects and cost-sharing arrangements. The involvement of other federal departments was manifested in the fact that of the 126 subsidiary agreements signed with the provincial and territorial govern-

ments between 1974 and 1982, 76 were co-managed and 32 were cost-shared between DREE and other departments.<sup>61</sup>

Donald Savoie has observed that "such a massive exercise in decentralization in terms of decision-making authority was unparalleled in the history of Canadian public administration and for this reason DREE could not draw on the experience of past cases in establishing its new organizations."<sup>62</sup> But the DREE case has provided extremely useful information on the political and administrative problems and possibilities of decentralizing federal departments geographically. This experience was particularly valuable because the decentralization of DREE was only the first of many instances of geographic dispersal of federal administrative units after 1973. Unfortunately, the federal government failed to evaluate formally the DREE experience with a view to minimizing administrative problems with the subsequent decentralization and relocation of public service units.

The evolution of DREE after the 1973 decentralization is especially instructive about the effects of decentralization on federal and provincial governments and on the relations between them.<sup>63</sup> The experience was unlike that before 1973: the federal government, not the provincial governments, disliked the outcomes of DREE's operations. The first lesson learned is that the delegation of substantial decision-making power of a federal department to the provincial offices can result in more interdepartmental than intergovernmental disagreements. Intergovernmental clashes arise in part from tensions between a department like DREE, which is organized on a regional basis, and a department like Agriculture, which is organized largely on a functional basis. Federal cabinet ministers and bureaucrats outside DREE resented DREE's authority under GDAs to conclude subsidiary agreements with the provinces when ministers were unable to get funds for new programs of their own in such policy areas as agriculture, fisheries, or forestry. Federal ministers were also irritated by the lack of credit and visibility they received from the large expenditure of federal funds on economic development in the provinces. The provincial governments not only proposed and delivered the economic development projects but accepted most of the plaudits for their completion. Even DREE officials in the provincial capitals were viewed by their federal colleagues as being too cozy with provincial governments and forgetting that their first loyalty was to their own jurisdiction.

By contrast, provincial ministers and bureaucrats were understandably enthusiastic supporters of DREE's operations and especially of the GDAs. Provincial ministers and legislators were concerned, however, that the federal bureaucrats from DREE and the provincial bureaucrats exercised a great deal of power in decision making. Cooperation and collaboration between these bureaucrats tended to avoid or reduce intergovernmental conflicts but also diminished the political accountability of bureaucrats in both levels of government.

To alleviate federal discontent about DREE and to achieve several other purposes, the federal government announced in January 1982 a major reorganization to make "every economy-related department . . . more sensitive and responsive to regional economic development issues, concerns and opportunities."<sup>64</sup> Prime Minister Trudeau said that although DREE had done "a very credible job," concern about regional disparities had been centralized too greatly in a single department, with the result that other departments paid insufficient attention to regional economic development.<sup>65</sup> Henceforth, all economic departments were to strengthen their organizations and programs in the regions.

According to the plan for reorganization, a new department — the Department of Regional Industrial Expansion (DRIE) — would be created by amalgamating most of DREE's program functions with the domestic responsibilities of the Department of Industry, Trade and Commerce for industry, tourism, and small business. It was anticipated that this combination of expertise from the industrial sector and from regional development would "provide a very strong basis for the development of regionally responsive industrial policies and programs."<sup>66</sup>

At the same time, regional policy and coordination functions were added to the responsibilities of the Ministry of State for Economic Development, which was reconstituted as the Ministry of State for Economic and Regional Development (MSERD). This renamed central agency was to make sure that regional concerns were "elevated to a priority position in all economic decision making by Cabinet."<sup>67</sup> The ministry was also to serve a reconstituted cabinet committee on economic and regional development (formerly the committee on economic development). This committee would be given responsibility for a new Regional Fund to support special regional economic development efforts.

For the purposes of this study, an extremely important facet of the reorganization was the decentralization of MSERD through a system of provincial offices with four major responsibilities. These were

to provide an improved regional information base for decision making by the Cabinet Committee on Economic and Regional Development (CCERD), for use particularly in the development of regionally sensitive economic development strategies; to give regional officials of sector departments a better understanding of the decisions and objectives of the Cabinet; to better coordinate the implementation of government decisions affecting economic development in the regions; and to develop regional economic development policies for consideration by Cabinet.<sup>68</sup>

The regional offices, most of which have been located in provincial capitals, were each headed by a federal economic development coordinator. These coordinators, known colloquially as FEDCS, were to be critical actors in the new arrangements for developing and implementing economic development policy. FEDCS were given responsibility for channelling



regional considerations into the cabinet decision-making process, for advising cabinet on proposed policies for regional economic development, and for transmitting government policy back to the regions. To assist inter-departmental coordination in each region, the coordinators acted as chairpersons of an interdepartmental committee on which economic departments were represented; coordinators also encouraged departments to make sure that "economic strategies, policies and programs are well understood throughout the region and are integrated right down to the level at which they impact on individual communities."<sup>69</sup>

In addition to their responsibility for consultations with business, labour and municipal governments, the coordinators were to play an important role in stimulating cooperation and joint planning with the provincial government in their region. To understand the federal government's new approach to federal-provincial relations in the sphere of economic development, it is essential to keep in mind that this major reorganization was announced at a time when the federal government was taking a number of steps to raise its profile in all regions of the country. To this end, the government moved in the direction of delivering more programs directly rather than simply funding programs delivered by the provinces. Thus the coordinators were expected to enhance the federal government's capacity "to *devise* sensitive policies and *deliver* program assistance to economic development in the region."<sup>70</sup>

Further evidence of the federal government's determination to strengthen its role in economic development vis-à-vis the provinces was its announcement that when the current GDAs and their subsidiary agreements expired, they would be replaced by a new and less complex set of agreements involving a larger number of federal departments. These new federal-provincial agreements would serve as an umbrella under which the minister of each department in the economic and regional development sector would negotiate and administer any subsidiary agreements. The funds that would become available to the federal government upon the expiry of the existing agreements would be deposited in the Regional Fund.

The federal initiatives examined above are reminiscent of the proposals by Donald Gow, outlined at the beginning of this section. Of particular note in this context are the measures to oblige economically oriented departments to complement functional considerations with regional considerations and to improve intergovernmental and interdepartmental coordination in the regions through senior federal officials located in each region. It is also notable that these measures are in accord with what was described earlier as the centralist variant of the intrastate model of federalism.

However, it is important to note that in mid-1984, Prime Minister John Turner undertook a reorganization of government machinery that significantly affected regional economic development. MSERD was



dismantled and an Office for Regional Development, headed by a minister of state for regional development, was created within DRIE. The coordinators became part of this new office. Thus the 1982 arrangements were not in effect long enough to permit a confident assessment of their ultimate effect.<sup>71</sup> It is unclear at the time of writing to what extent the Mulroney government will pursue the objectives of the former Liberal governments in the field of regional economic development. Nevertheless it should be noted that Prime Minister Mulroney did not appoint a minister of state for regional development in his first cabinet.

### *Locations and Relocations*

While DREE was gradually evolving into DRIE, other administrative units were being decentralized or relocated. In May 1975, the cabinet directed Jean Chrétien, then president of Treasury Board, to prepare a program for the relocation of units from the National Capital Region and major metropolitan centres to other parts of Canada. The stated objectives of this dispersal were to locate the administration of federal programs in closer proximity to people directly affected by them; to lessen the concentration of federal public servants in the National Capital Region; to heighten the visibility of the federal government in particular areas; and to promote economic growth and reduce unemployment in particular parts of the country.

Under the subsequent Relocation Program, administrative units were identified that could be moved to smaller communities without sacrificing their effectiveness. Between May 1975 and the end of 1976, the government announced the relocation of nine units: the head office of the Department of Veterans Affairs to Charlottetown; the Annuities and Central Index Unit of the Unemployment Insurance Commission to Bathurst, New Brunswick; the superannuation unit and a cheque redemption centre of Supply and Services to the Moncton area and to Matane, Quebec, respectively; and taxation data centres from National Revenue (Taxation) to St. John's, Jonquière, Shawinigan, Winnipeg, and Surrey. These relocations would require the transfer from the National Capital Region of 1,979 full-time and 4,125 temporary jobs and an annual payroll of almost \$34 million.

Then in October 1977, while the relocation of these several units was being implemented, the government announced its intention to relocate 15 more units from the National Capital Region over a five-year period. These additional relocations would require the transfer of approximately 2,500 full-time and 1,500 part-time jobs to 12 different locations across the country. Among the units and their destinations were the Ottawa Regional Office of Statistics Canada (North Bay); the Mail Services of the Passport Office, Department of External Affairs (Sydney); the Telecommunications Regulatory Service, Department of Communications

(Quebec City); and the headquarters of the Farm Credit Corporation (Camrose, Alberta).

At the same time, as a supplement to these decisions about relocation, the Minister of National Health and Welfare announced plans for the decentralization of particular offices responsible for administering Canada Pension Plan and Old Age Security benefits. The centralized Canada Pension Plan operation for the processing of benefits would be dispersed from headquarters to regional centres across Canada and would require the transfer of 200 positions. A new integrated regional centre for Income Security Programs in Nova Scotia was to be located in Sydney as opposed to Halifax, where the existing income maintenance offices were; about 80 jobs would eventually be relocated in Sydney from Halifax and the National Capital Region. Finally, the large income maintenance office in Toronto was to be divided into four offices, three of which would be in Peterborough, Chatham, and Timmins. About 400 jobs would be relocated in this way.

In addition to these plans, the Minister of Supply and Services declared that particular functions of the department's Services Administration would be decentralized to Sydney, Peterborough, Chatham, and Timmins.

These several sets of decisions would thus require the transfer of 4,600 permanent and 5,500 temporary jobs away from the National Capital Region to 24 communities in 10 provinces. Unlike many of the field units of federal departments and the decentralization of DREE, most of these relocations were destined for small communities rather than for provincial capitals and major urban centres. The location of these federal units in smaller communities was expected to have a significant economic and social effect and to increase greatly the presence of the federal government in these communities.

By August 1981, ten of the units mentioned above had been relocated to the extent that employees were at least on site, and in four instances the units were fully operational. The total number of jobs in these relocated units was 2,434 full-time and 3,366 part-time. The government had anticipated correctly that many federal employees would not move to the new locations; as a result, many of the positions were filled by local hiring in the communities receiving the units. Indeed, only 738 full-time employees moved from the National Capital Region to the new locations. In the various communities as of mid-1981, the total number of jobs resulting or expected to result from relocations completed or in progress was 6,409 full-time and 6,937 part-time.

Several additional units have since been identified for relocation but the task of selecting appropriate units has become much more difficult. The government is running out of units that are natural or ideal candidates for relocation on rational operational grounds. As a result, political considerations have become increasingly important in cabinet decisions on relocations. This is not to suggest that political motivations were absent

from earlier decisions about relocation. For example, 16 of the first 23 relocations announced were destined for constituencies held by Liberal members of Parliament, and 8 of these 16 ridings were represented by cabinet ministers in the Liberal government.

In 1981, Treasury Board formulated guidelines for the location or relocation of administrative units. These guidelines demonstrate extremely well the administrative and, to a lesser extent, the political complexities of decentralizing and relocating federal public service units.<sup>72</sup> The guidelines begin by stressing that "the onus for discharging the government's commitment to the principle of organizational decentralization rests on individual departments and agencies." Departments and agencies are asked to include in their annual strategic overviews and operational plans an account of the geographic distribution of their employees and to identify possible alterations in this distribution through relocation of existing units or the location of new units. Under the guidelines, the relevant cabinet policy committee would provide approval in principle for relocations and would finance these relocations from approved budget envelopes. Moreover, departmental submissions to Treasury Board for authority to mount new or expanded programs would be required to include recommendations for the location of these units.

Under the guidelines, both the policy committees and Treasury Board would require information on, among other things: (a) anticipated benefits, including improvements in efficiency, effectiveness, and responsiveness; (b) estimated costs; (c) estimated implications for person-years, "with particular consideration given to the protection of language rights and the employment opportunities for female and handicapped employees";<sup>73</sup> and (d) an analysis of the possible impact on both the receiving and sending communities, short- and long-term labour market implications, the fiscal implications for the municipality or province, and the social and cultural implications. Ultimately, of course, cabinet can choose to emphasize particular criteria or to ignore most or all of them in favour of a relocation especially desirable on political grounds.

Apart from such relocations as those of the Department of Veterans Affairs and the Farm Credit Corporation, relocations have required the transfer of few executive or senior management positions. Most of the positions have been in the scientific and professional, technical, administrative support, and clerical categories. Moreover, a review of the responsibilities of the relocated units suggests that relatively little delegation of policy-making authority from headquarters to these units would be required.

The objectives of the relocation program were described above. Are these objectives being achieved? Certainly there has been some decrease in the number of federal public service positions in the National Capital Region, but we have seen that less than one-third of the employees affected by the first ten relocations moved with their unit. Many of the completed

or planned relocations are difficult to justify on the basis of locating the administration of programs close to the people directly touched by them and thereby enhancing administrative responsiveness. This objective is realized in the relocation of a unit like the Institute of Precambrian Geology (Energy, Mines and Resources) in Thunder Bay. But the service or regulatory advantages of relocating other units outside the National Capital Region (for example, the Mail Services of the Passport Office of External Affairs to Sydney and the Telecommunications Regulatory Service of the Department of Communications to Quebec City) are questionable or non-existent. There are, however, good economic reasons for locating or relocating public service units in such economically depressed communities as Sydney (Mail Services of the Passport Office and Regional Centre for Income Security Program), Sudbury (Taxation Data Centre), and Shawinigan (Taxation Data Centre).

There are obviously winners and losers in the relocation stakes. As a result of the number of public service positions transferred, the capital expenditures made, and the annual payrolls, virtually every relocation increases the federal presence in the receiving community. Thus, in addition to the economic and administrative benefits to various communities across Canada, some substantial political gains have been made, especially by the governing party. The provinces and the specific communities that receive the units are usually delighted with the economic shot in the arm resulting from the relocations. Indeed there is competition among politicians to have units relocated in their constituency, and some municipalities have complained that they are not getting their fair share of the benefits from the Relocation Program. Communities that lose units, notably Ottawa and, to a lesser extent, Hull, are unhappy about the outflow of residents, the empty buildings, and the reduced tax base. The relocations have also disrupted the personal and working lives of thousands of public servants who have had to relocate with their units or find new jobs.

When the government made its announcements about relocation, it promised to minimize any adverse effects on public servants affected by the moves. In December 1977, the National Joint Council — a body composed of representatives from government and the public service unions — approved guidelines on relocation and decentralization. These guidelines, which were approved by Treasury Board in September 1982, deal with such matters as consultation with bargaining agents, information for employees, appointment levels, spouses of relocated employees, and considerations about official languages. The guidelines cover both employees who choose not to relocate and those who do.<sup>74</sup>

In the best of circumstances, the relocation of thousands of employees is bound to be disruptive. The employees' representatives, especially the Public Service Alliance of Canada, have persistently complained publicly and privately about the unfavourable consequences of relocations for their members. The alliance has also expressed concern about the alleged motiva-

tion for the relocations and the waste of public funds involved. In February 1983, the vice-president of the alliance characterized the cabinet's decision to relocate Health and Welfare Canada employees as "a politically motivated plan designed to help improve the chances of the sitting Liberal members to retain their riding in the next election."<sup>75</sup> In June 1983, the alliance organized a demonstration to protest the expenditure of \$34 million for the decentralization of Health and Welfare Canada employees from Toronto to several other cities.<sup>76</sup>

### *The Implications for Regionalism*

That more than two-thirds of federal employees are in field units outside the National Capital Region is eloquent testimony to the deconcentration of federal operations across Canada. During this century, the geographic decentralization of departments and agencies has steadily increased to cope with the expansion of the government's service and regulatory activities. In the past decade, the pace of this decentralization has quickened considerably as a result of a complex mix of political, administrative, and economic factors. It is difficult to distinguish the relative importance of these factors in stimulating particular initiatives; it is evident, however, that the pursuit of political objectives has had a significant spillover effect on the nature and location of bureaucratic activities.

The federal government seeks to do two things through the geographic dispersal of its operations: first, to deliver its programs as efficiently, effectively, and responsively as possible; and second, to facilitate consultation and cooperation with provincial governments. During the 1970s, the federal government took a number of initiatives to respond to the more vigorous expression of regional needs and aspirations. These initiatives included the creation of DREE and the location of federal administrative units outside the National Capital Region. The geographic decentralization of DREE after 1973 was a dramatic example of the delegation of authority to federal officials in the field to negotiate regional economic development agreements with the provinces and to strike an appropriate balance between federal funding and provincial delivery of development programs. Moreover, the location or relocation of administrative units in various parts of the country improved the economic fortunes of the receiving communities.

Despite these measures, a survey conducted in 1977 by a federal task force on service to the public showed that "regional alienation, whether it is in Western Canada or in the Maritimes, stems to a large extent from a genuine feeling that the Government of Canada only really exists in Ottawa." Moreover, the survey indicated that

- the public has major difficulties in gaining access to the federal government to obtain services and information;

- there is a serious lack of awareness of federal programs and services;
- there is uncertainty about the actual role of the federal government in the community; and
- the public views the federal government and the public service as indifferent, hostile and insensitive.<sup>77</sup>

This evidence confirmed the federal government's suspicion that despite the geographic dispersal of its operations, the government was not perceived by the public as achieving the first objective noted above: efficient, effective, and responsive service. How well the location and operations of federal field units helped achieve the second objective, federal-provincial cooperation, is difficult to assess in the absence of adequate research on this subject.

In any event, the Liberal government had decided by the early 1980s that the devolution of power from the federal to provincial governments had gone too far and that a more appropriate balance was needed. The government was determined to improve its political and administrative visibility in all regions of the country. Among the means to this end were the delivery of more federal programs directly rather than through provincial governments and an insistence that federal funding for joint federal-provincial programs be well publicized. The federal government had also decided by this time that DREE had been too responsive to the desires of provincial governments. Thus, as part of a major government reorganization, DREE was replaced by DRIE, MSERD took the place of MSED and was decentralized through the appointment of regional coordinators, and economic departments were instructed to strengthen their regional orientation. Some observers were pessimistic that the reorganization would stimulate the economic departments to balance their traditional sectoral emphasis with regional concerns.

It is noteworthy that the regional coordinators, to whom a substantial measure of decision-making authority was delegated, are senior appointed officials. Thus, as in the case of DREE, considerable power has been allocated to federal bureaucrats in the critical sphere of economic development. If federal politicians, especially cabinet ministers, perceive that bureaucrats exercise undue power under the new arrangements, they may wish to consider Donald Gow's suggestion that regional cabinet ministers be appointed.<sup>78</sup> Each of these regional ministers would be supported by a deputy minister, known as a regional commissioner, who would be located in the region served by the minister. The implementation of this proposal or an adaptation of it would ensure a larger measure of political control over bureaucrats in the regions. Given the evolution and continuing importance of regionalism in the Canadian political system, Gow's recommendation seems more reasonable and practicable now than in 1967, when it was first put forward.

At a minimum, resolute political effort should be made to ensure that the personnel and programs of departmental field offices are strengthened. Careful study needs to be focussed also on the degree to which individual departments do or could permit variations in the application of departmental policies and programs from one region to another to ensure greater sensitivity to the particular needs of individual regions.

Furthermore, consideration should be given to the expansion of consultative mechanisms, especially advisory bodies attached to the field offices of federal departments. These mechanisms could facilitate the responsiveness of the federal government to regional needs by providing a channel of communication between federal public servants and interests in the region. The more senior the public servants in the field and the more authority they exercise in decision making, the more likely it is that pressure groups representing regional views and problems will direct some of their lobbying efforts to field offices. This activity by pressure groups would encourage functionally oriented federal departments to be more sensitive to regional concerns.

Recent federal initiatives and the proposals for additional initiatives discussed here have all been in keeping with the centralist version of the intrastate model of federalism. These initiatives and proposals have been aimed not only at increasing the federal government's responsiveness to regional needs but also at enhancing the federal government's image among Canadians in all regions of Canada. A significant sub-objective has been an increase in the attractiveness of the federal government vis-à-vis provincial governments.

Advocates of the provincial variant of the intrastate model of federalism do not intend to let the centralist model win by default. There has been increasing pressure from provincial governments and from knowledgeable observers of the Canadian political scene for greater provincial representation in the institutions of the national government. Most of the proposals in this area have centred on reform of the Senate and the Supreme Court, but there have also been persistent calls for formal representation of provincial governments in federal agencies, boards and commissions, especially in major regulatory agencies. For example, Premier Bennett of British Columbia has argued that

there are several highly significant federal boards and commissions that set federal policy on a wide range of national matters. These include the Bank of Canada, the Canadian Transport Commission, the CRTC and the Canadian Development Corporation. The decisions which these federal bodies make have a profound effect on the development of the country as a whole and upon provincial priorities, and yet the provinces have no voice in the appointment of directors to these bodies and are rarely consulted to assist in formulating policy. These are merely institutions of the federal government. We need genuine federal institutions which are multigovernmental in character.<sup>79</sup>



The desirability and feasibility of provincial representation in federal bureaucratic institutions are not considered in depth in this study.<sup>80</sup> The essence of the argument, however, is that decisions by federal agencies would be more sensitive to provincial and regional concerns if the decision makers in these agencies included representatives of the provinces. It is well known that federal-provincial relations have been exacerbated by decisions affecting provincial interests that have been taken by semi-independent federal agencies. The need for improved consultation and cooperation between and among federal and provincial regulatory authorities has been widely acknowledged. Certainly individual and corporate citizens are often caught in the middle of conflicting regulations spawned by different levels of government.

The regional coordinators discussed earlier have the potential to help remedy these problems. However, if a structural response in the form of provincial representation in federal agencies is pursued, at the very least the following questions require satisfactory answers. How should the provincial representatives be chosen? By provincial cabinets? By provincial legislatures? By the federal cabinet? By some other means? Should the people chosen represent simply their own province, or should they represent their region in instances where the boundaries of the region and the province do not coincide (for example, in the Atlantic provinces)? Should these people be representatives in the sense of delegates or in the sense of microcosmic or symbolic representatives? Assuming that the responsiveness of federal agencies to regional needs is enhanced by such appointments, what are the implications for efficiency, effectiveness, and political neutrality?

It is likely that federal-provincial agreement could be reached on mechanisms for providing provincial or regional representation on the boards of a limited number of federal agencies. But the overall effect of this innovation on improving regional representation in our national institutions would not be very significant compared to the effect of such other changes as reform of the Senate. The route to achieving direct representation of provincial governments in the institutions and decision-making processes of the federal government appears to lie more in the direction of reforming political rather than bureaucratic institutions.

## **Pooling Diverse Streams of Experience**

This study has focussed on the extent to which the federal bureaucracy represents and responds to regional needs and aspirations. How a regionally representative and responsive bureaucracy has been or could be achieved has been examined. There are, however, extremely important links between the section on representative bureaucracy and the section on structural responses. Policies and programs designed to achieve a more representative bureaucracy and those devised to provide appropriate struc-



tural responses to the challenge of regionalism can be mutually reinforcing. Moreover, both a representative bureaucracy and structural reforms can be used to promote both the representativeness and the responsiveness of the federal bureaucracy to regional interests. Improved representativeness can be sought by making the regional composition of the bureaucracy roughly proportional to the region's percentage of the total population and by dispersing personnel or public service positions to field offices in the regions. Similarly, enhanced responsiveness can be pursued by making the bureaucracy more regionally representative and by locating public servants in the regions, where they are closer to individual citizens and provincial officials.

The evidence and analysis presented in the section on representative bureaucracy indicate that a more regionally representative bureaucracy will not substantially improve the capacity of our national governmental institutions to respond to the interests of all residents and regions of Canada. A regionally representative bureaucracy is likely to be less responsive to regional claims and concerns than conventional wisdom suggests. Public servants are unlikely to promote vigorously and continually the interests of the region from which they came; rather, they will be obliged to balance their representative inclinations with the requirements of other administrative values. Nevertheless, it is reasonable to assume that these public servants will, in varying degrees, be able to sensitize their colleagues to the needs and peculiarities of their region of origin. They will of course have more influence in this respect if they hold senior policy-advisory and management positions.

The regional representativeness of the federal bureaucracy is not an issue of vital political importance outside the context of Quebec. The federal bureaucracy is roughly representative in regional terms, even at its senior levels. The federal government might benefit politically from publicizing to the eastern and western regions of Canada that decision-making posts in the federal bureaucracy are not dominated by those born and bred in central Canada. On the other hand, francophones whose region of origin is Quebec do seem underrepresented. There is, therefore, a continuing need to make the federal public service attractive not simply to francophones, but specifically to francophones from Quebec.

The primary contribution of the bureaucratic sphere of government to improving federal responsiveness to regional interests lies in structural innovations and modifications. In particular, more attention needs to be devoted to the desirability and feasibility of further dispersing federal decision-making and operational responsibilities to field offices to stimulate both interdepartmental and intergovernmental coordination.

The geographic dispersal of federal activities to offices in the regions is not only likely to enhance the government's responsiveness to individual Canadians and provincial governments; this dispersal will also affect the regional representativeness of the federal bureaucracy. The need to hire

some people from the region where field offices are located increases the representativeness of that region in the bureaucracy as a whole. However, the result could be greater representation for regions already over-represented and for those underrepresented. The bureaucracy could become less rather than more balanced in terms of regional representation. The symbolic and political implications of this outcome would be especially important if a larger number of senior public servants were located in field offices across the country. It is clearly important to seek a regionally representative bureaucracy, especially at its senior levels. But the cost of having to pay more attention to regional balance must be weighed against the benefits of enhancing the regional experience of federal bureaucrats.

The expansion in the number of federal employees working outside the National Capital Region is of potentially enormous importance as a way of ensuring that a larger number of federal employees have regional experience. To take an extreme example, it is highly probable that a public servant in Ottawa who has worked in all ten provinces will be much more attuned to regional interests than one whose birth, education, and employment experience before moving to Ottawa took place in a single province. Although regional experience can be a valuable asset for all public servants with authority and influence in the policy process, such experience can be especially advantageous for those at the most senior levels. Yet in 1983, only one in five of the most senior public servants had regional experience. Less than 21 percent of the executive group, within the management category, had previously worked outside the National Capital Region (see Table 1-5). Analysis of data on more than one-quarter of this 21 percent indicates that about 90 percent of those with regional experience had worked for the federal public service, approximately 5 percent had provincial government experience, and another 5 percent had been employed in the private sector.

**TABLE 1-5 Regional Experience of Federal Executive Group, Canada, 1983**

Level	Number with Regional Experience	Total at Level	Percentage with Regional Experience
EX-01	151	730	20.68
EX-02	143	590	24.24
EX-03	98	473	20.72
EX-04/05	25/10	276	12.68
All levels	427	2,069	20.64

*Source:* Calculated from data provided by the Public Service Commission of Canada; data are as of August 1983.

A likely and beneficial by-product of greater geographic decentralization is that more senior bureaucrats will have regional experience. In 1982, 82 percent of the executive group, 69 percent of the senior management group, and 74 percent of the management category as a whole (that is, EXs and SMs) were concentrated in the National Capital Region. A deconcentration of the personnel of federal departments accompanied by a delegation of decision-making authority would therefore require the location of a larger number of senior bureaucrats in field offices in the various regions of Canada. As noted earlier, vigorous efforts should be made to strengthen the field offices of the economic departments. The result would be not only a deconcentration of federal employees from the National Capital Region but, more important, the creation of a larger pool of senior bureaucrats with regional experience from which to make appointments to senior positions at the centre.

Public servants disagree among themselves about the importance of regional experience in promoting decisions at the centre that are responsive to regional needs. Many public servants without regional experience tend to minimize its relevance. Although the weight of evidence and common sense support the desirability and utility of regional experience for senior policy advisers and managers, the critical consideration is the nature and extent of this experience. Employment in a federal field office in Fredericton does not make bureaucrats more sensitive to problems in Victoria; such employment may of course make bureaucrats more conscious of the general significance of regional differences to making and implementing policy. Senior bureaucrats without regional experience can be very responsive to regional peculiarities and problems if they surround themselves with advisers who do have experience in different parts of the country. Still, some way must be found to ensure that such advisers possess or acquire regional experience, preferably in the public sector, in federal field units, and at a relatively senior level of the bureaucracy.

Despite the importance of regional experience in promoting bureaucratic responsiveness to regional interests, the subject has received surprisingly little discussion in studies and publications by academics or government. The Glassco Commission's proposal for "more systematic and energetic measures . . . to encourage the freer movement of public servants between headquarters and field establishments" seems to have been largely ignored by both scholars and practitioners.<sup>81</sup> It is understandable that most public servants would not welcome an increased emphasis on mobility between the headquarters and field units of government departments. To persuade public servants to accept such rotation, the government would have to provide attractive incentives tied to career development and promotion.<sup>82</sup> Regional experience would have to become a more prominent component of merit in both appointment and advancement in the public service. This change would be in accord with the Public Service Commission's emphasis on responsiveness and sensitivity as central criteria in the present merit

system. In the commission's view, public servants "must possess the background, knowledge and experience necessary to achieve a good understanding of the interests of the various groups they serve."<sup>83</sup>

Public servants can be expected to resist government initiatives to enhance their regional experience through increased geographic decentralization of federal operations. Thus, as a basis for determining what degree of decentralization is appropriate, we require a detailed examination of the current state of geographic decentralization in federal departments and agencies, the administrative and financial implications of extending this decentralization, and the probable effects of this extension on intergovernmental and interdepartmental coordination. Knowledge of these matters is extremely important because increased geographic decentralization and the regional experience flowing from it offer a potentially effective means of improving bureaucratic responsiveness to regional needs and claims.

## Notes

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  77. Task Force on Service to the Public, Discussion Paper, July 1980, p. 1.
  78. Gow, "Canadian Institutions," pp. 253-55.
  79. Task Force on Canadian Unity, *A Time to Speak: The Views of the Public* (Ottawa: Minister of Supply and Services Canada, 1979), p. 250.
  80. A detailed examination of this matter was deliberately excluded from this study on the understanding that the subject would be covered by other studies conducted for this Royal Commission.
  81. Canada, Royal Commission on Government Organization, *Report* (Ottawa: Queen's Printer, 1963), vol. 5, p. 81.
  82. For an examination of the issue of rotation and related issues in the policy area where rotation is most problematic, namely, the foreign service, see Royal Commission on Conditions of Foreign Services, *Report* (Ottawa: Minister of Supply and Services Canada, 1981), especially pp. 137-155, 239-259.
  83. Public Service Commission, *Annual Report 1982*, p. 10.



## **Regional Responsiveness and Government Organization: *The Case of Regional Economic Development Policy in Canada***

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### **Introduction**

The regional dimension of national policy in Canada has always been both a controversial and a complex subject, for two major reasons. The principles of equality and equity have meant that national policy has had to accommodate, on the one hand, demands that Canadians be treated equally wherever they reside and, on the other, demands that national policy recognize the need to treat "regions" differently, given both the territorial imperative in the Canadian state and the unequal character of our regional political economies. These two principles of equality and equity have introduced an obvious and enduring tension in the formulation and implementation of national policy that has been accommodated in various ways and to various degrees of success from Confederation to the present.

The need to secure accommodation of these conflicting demands has led to a focus on both the substantive issues of objectives, strategies and instruments and the institutional arrangements to represent and respond to territorial interests in national policy. Obviously the most critical of the latter considerations are the structures of our federal and parliamentary systems, including the interrelationships between these two systems. Equally critical, though generally given much less attention, is the question of how the government of Canada organizes its executive-administrative system to represent and respond to the regional dimension of national policy in terms of its structures both for internal decision making and for relations with the provincial governments and the private sector.

The terms of reference of this Royal Commission submit that "Canada is . . . committed . . . to the reduction of economic and fiscal disparities between regions, and to a fair distribution of the advantages and burdens



of national development, . . . that to respond to the challenges of rapid national and international change in order to realize Canada's potential and to secure sustained economic and social progress, it will be of importance to achieve greater understanding of the regions of Canada" and, therefore, that the Commission examine and report on "changes in the institutions of national government so as to take better account of the views and needs of all Canadians and regions." These terms of reference make it clear that the way in which the government of Canada organizes its executive-administrative systems to take account of regional views and needs is an important matter for enquiry and assessment.<sup>1</sup>

Given these terms of reference, this study has as its general focus the organizational capacity of the government of Canada to respond to regional views and needs in formulating and implementing national policy and programs. The specific foci encompassed by it include:

- the capacity to represent and provide analyses of regional views, needs and opportunities in the design and evaluation of national policies;
- the capacity to design regional policies and link them to national policies;
- the capacity to coordinate interdepartmental planning and program implementation within the regions;
- the capacity to interact with citizens and organized groups in the regions; and
- the capacity to interact with provincial governments in the region.

In order to give special emphasis to the Commission's mandate with respect to the economic union and development prospects for Canada, our study deals mainly but not exclusively with the organizational capacities of the government of Canada in the policy sector of economic and regional development.

The organization of the government of Canada for this sector has been subject to a number of changes over the past two decades, the most recent and major taking place in 1982 and 1984.<sup>2</sup> The reorganization of 1982 was designed in part to make the federal government more regionally responsive and is significant from our perspective for a number of reasons. First, this sector encompasses departments and activities which are highly relevant to different regional interests. Second, it contains departments which are highly dispersed in their personnel and operations across Canada. Third, it constitutes a policy "sector" in the context of the current "policy and expenditure management system" for planning and decision making. Fourth, it is composed of highly "functional" departments with highly specialized personnel — the very phenomena which have diminished the territorial or regional dimensions of organizational and public policy. Fifth, it constitutes the policy sector in which "regional ministers" are most anxious to exert political leverage in the pursuit of policies to favour their regional constituencies.

Our analysis of the organization of the government of Canada with

respect to the several capacities outlined above is undertaken in clear recognition of the fact that governmental organization constitutes but one factor in the determination of national policy and therefore that there are limits to the extent to which any particular type of organization can produce desired policy outcomes. The interests and ideas of officials in these organizations, as well as those of various pressure groups and special constituencies, are equally important, if not even more so, as determining forces in the shaping of public policy. For this reason, the successive reorganizations that are outlined in the following chapters should be accounted for not only in terms of organizational learning — that is, as efforts to improve federal government planning, coordination, decision making and program implementation on the basis of experience. They are also due to the interplay — the competition and accommodation — of various ideas and interests found at various times in the national political arena, including of course the executive and bureaucratic arenas.<sup>3</sup>

Our analysis recognizes that while governmental organization is a determinant of national policy, albeit only one among many, it is also the subject of government policy. It is so precisely because the manner in which the government is organized affects the distribution of authority, power and influence in ways that are not politically or policy neutral. A particular organizational structure will give certain ideas and interests an edge over competing ideas and interests by virtue of the way it distributes authority, power and influence within the cabinet and bureaucracy. Although much governmental reorganization may be viewed as little more than “musical chairs,” it is important to recognize that shifts in policy, if only incremental shifts, can be the intended or actual outcomes of organizational change.

Given the major organizational changes in the policy sector of economic and regional development, this study required considerable field research in addition to an examination and review of government documents and independent published literature on the general subject of governmental organization. Our field research included confidential interviews with central agency and line department officials of the federal government in Ottawa and all provinces, as well as a smaller number of provincial government officials in some of the provinces. Approximately 70 officials were interviewed, some more than once. Although the principal focus of our interviews was on the experience with the structures and processes put in place after the 1982 reorganization, most officials were also able and willing to discuss the organizational regime that existed prior to 1982.<sup>4</sup>

## **Regional Representation and Functional Organization**

One of the earliest and most pressing tasks which faced the first prime minister of Canada in forming his cabinet was the need to secure strong ministers from all four provinces. Although the federal system established

in 1867 provided for special consideration to regional representation in the Senate, as compared to the House of Commons for which representation by population was the norm, it was clearly understood at the outset that cabinet was central to the operation of the national government and therefore to decision making on national policy. With this understanding, it was considered politically imperative that the cabinet be composed in some large part according to the regional character of the federation.<sup>5</sup>

Since then regional representation in the cabinet has constituted an important criterion in the selection of ministers. Moreover, given the importance attached to visible regional representation in the cabinet, successive prime ministers have at times enlarged their cabinets to accommodate new regional and other demands for representation. For the same reason, with a few minor exceptions, the cabinet has always contained the entire "ministry." Even with the development of the formal cabinet committee system over the past two decades, only the short-lived government of Prime Minister Joe Clark attempted to separate out a formal "inner cabinet" in which not all politically important regions were represented. In recent years, finally, this requirement accounts for the continued, at times expanded, use of senators as members of cabinet in even very senior portfolios notwithstanding their lack of an electoral base.

To some extent regional representation in the cabinet is purely symbolic. Regions must be seen to be represented even if their representatives are known to have little real clout at the apex of power. At the same time, however, many "regional ministers" have had power and influence far in excess of that explained by their personal ability, party stature or relationship with the prime minister. It goes without saying that the truly powerful ministers in our history of cabinet government have been those who combined their regional representation roles and personal leadership abilities to influence cabinet decisions.<sup>6</sup>

The actual representation of regional interests within the cabinet has taken a number of forms since Confederation. One traditional and still relevant form has been the appointment of ministers to portfolios whose mandates were of particular importance to their regions — for example, agriculture and fisheries. Portfolios which offered opportunities for considerable patronage have generally been given to regional ministers, for obvious reasons. Regional ministers have always played an important role in cabinet decisions regarding the distribution of patronage: appointments, contracts and grants. Finally, regional ministers have sought to influence cabinet or ministerial decisions with political or policy implications for their regions.<sup>7</sup> In almost all of these ways, however, regional ministers have acted within a system that affords them only informal status and indirect power as regional representatives. In some cases this status and power have been more than sufficient to allow a minister to exercise significant leverage within the executive-bureaucratic arena. In some cases this status and power provided some but not enough leverage for ministers

to fulfill satisfactorily what they regarded as their regional responsibilities, while in others, regional ministers found themselves entirely without influence.

There are a number of reasons for this lack of clout. First, some regional ministers were appointed to the cabinet for purely symbolic reasons. Second, the portfolios of some regional ministers provide few opportunities for them to dispense patronage, allocate contracts or grants, or provide public services needed in their region. Third, the "regions" of some regional ministers are not considered politically important to the government of the day. Most important, some regional ministers are unable to influence policy and administrative decisions of relevance to their regions because they are unable to penetrate the domains of other ministers outside of their own portfolios. This final reason raises still further questions about the ways in which the structures of cabinet for its decision-making purposes accommodate the demand for regional representation in national policy making.

The principal structural characteristics of cabinet decision making remained essentially the same from 1867 through the early 1960s. Although the representation of regional interests by regional ministers was clearly an informal and ad hoc exercise, the operation of the cabinet as a collective decision-making body provided sufficient opportunity for a prime minister and strong regional ministers to ensure that regional interests important to the governing party were included as considerations in national policy. Throughout a good part of this long period, the inclusion of regional interests was made possible by the integration of the federal and provincial operations of the governing party within the regions, and the fact that regional ministers often had prior political experience in provincial politics, another dimension of integrated party leadership.

At the same time, however, the structure of cabinet responsibilities through the portfolios of individual ministers, with perhaps a few exceptions as already noted, was not geared to the representation of regional interests but rather to the design of policies and delivery of programs on a sectoral basis cutting across all regions. As long as the number of portfolios was relatively small, so that ministers knew what their colleagues were doing, and the scope of ministerial activities was manageable, allowing them to keep abreast of the regional dimensions of such activities in their own and other portfolios, the sectoral or functional basis of the cabinet's portfolio structure did not pose a major obstacle to the effective representation of regional interests in national policy making.

Following the tremendous growth of government activities in the postwar period and into the 1960s and 1970s, however, the conditions necessary for effective representation of regional interests in cabinet began to be undermined. First, the scope of such activities made it increasingly difficult if not impossible for regional ministers to stay abreast of regional interests in the proliferation of federal activities. Second, the number of

portfolios increased, expanding the number of colleagues with whom a regional minister had to interact. Third, as a result of reorganizations designed to cope with the increasing complexity of government, regional ministers found themselves organized in a more complex cabinet system that placed increased demands on their time, reducing the time available to exercise their ministerial, let alone regional, responsibilities.<sup>8</sup>

Moreover, as part of successive reorganizations of the cabinet, the support staff to cabinet and cabinet committees expanded greatly and the number of central agencies was increased. Although the stated rationale for the expansion of central agency apparatus was to better serve the decision-making and coordinating functions of the collective cabinet and to strengthen political control over the line department bureaucracies, some ministers were concerned that this expansion of central bureaucratic staff would diminish not only their individual control over their own portfolios but also the collective cabinet's control over the management of government. The prime minister and his key advisors in the central agencies were seen to be the beneficiaries of this shift in power. Other ministers were less concerned about any suggested shifts in actual power but feared that the complicated system of checks and balances would at a minimum slow down the decision-making system and at worst might immobilize it.<sup>9</sup>

While there have still been strong regional ministers in the cabinet during the past two decades, some observers believe that the complex cabinet decision-making system has diminished their role. In this process key roles have been played by central bureaucratic actors, such as those in the Privy Council Office with their access to the prime minister and control of cabinet's agenda, and by central political advisors in and through the Prime Minister's Office who relied increasingly on sophisticated polling devices. These factors, combined with the regional weaknesses of the governing party, the increasing differentiation of the federal and provincial wings of the party, and the governmental and party leadership style of the prime minister, have served to reduce both the influence and visibility of regional ministers.<sup>10</sup> As these points suggest, more than one factor must be considered in any assessment of the relative importance attached to regional ministers in cabinet decision making over the past two decades. Two further factors are the organization of the federal bureaucracy itself and the development of portfolios, departments and agencies whose major responsibilities and functions are focussed on regional policy *per se*. The latter constitutes a major subject in the sections of this paper that follow. Before this, however, it is necessary to comment briefly on broader developments in the organization of the federal bureaucracy.

Within the context of the federal system established in 1867, the design of the administrative branch had not given primacy to regional considerations in the organization of federal government activities. Some departments have a clear regional or spatial focus by virtue of their activities — Fisheries, for example — but by and large functional rather than

regional factors have been the bases on which organization has been developed. The original division of powers between the federal and provincial jurisdictions in the British North America Act was defined primarily in sectoral terms; there was no reference to specifically regional obligations on the part of the federal government other than those relating to subsidies and transfer payments to the provinces. Thus, the centralist thrust of the federal government in the first decades of Confederation, as well as the subsequent "water-tight compartments" approach to the division of powers, promoted a functional rather than a regional structure in government organization at both levels of government.<sup>11</sup> Regional considerations were to be first and foremost a political and not an administrative consideration; regional concerns at the political level might indeed affect policy but the management of government was to proceed on a functional basis.

At the same time, the initial development of departmental structures was greatly influenced by both geography and the federal government's efforts at nation-building. In the early years of Confederation, particularly in the era after the introduction of Macdonald's National Policy, "the 'barometer departments' were those concerned with opening up and populating western land, and providing the water and rail transportation that could link several thousands of miles of continent extending from the Atlantic to the Pacific."<sup>12</sup> Nation-building under this approach meant tying together the centre and peripheries rather than developing regions as such. In order to accomplish this, government departments were highly dispersed in their operation, given the need to provide services such as aids to navigation or geological surveys. Their personnel were involved in "on-the-spot administration, often in the most remote areas."<sup>13</sup>

The administrative dispersal of personnel and operations as dictated by the geography of Canada did not result, however, in a corresponding degree of decentralization of authority for other than management purposes; field managers have been highly constrained and regulated by departmental and central agency authority. Indeed, the very fact of widespread dispersal of personnel and resources, combined with the need for programs with national goals, has resulted in administrative arrangements in which authority over policy and administration remains at the centre. As Hodgetts has noted, this centralization of authority has resulted in problems relating to the span of control of headquarters staff vis-à-vis field personnel. Various organizational solutions, such as the integrated-unitary or the dispersed-unitary models, have been employed to overcome these problems, with varying degrees of success. The aim in these attempts, however, has been the preservation of headquarters authority.<sup>14</sup>

This basic pattern of highly dispersed personnel and operations with highly centralized departmental organizations persists to this day. The vast majority of federal civil servants, almost three-quarters, work outside the national capital region. This pattern has very few exceptions and its per-

sistence is due to three factors. First, under our system of parliamentary government, the need for a responsible bureaucracy is considered crucial and it is felt that this is best accomplished "by retaining authority close to the top where it can be used by the minister and scrutinized by parliament."<sup>15</sup> In many respects, of course, this is at odds with the goal of a more responsive bureaucracy, which requires the devolution of authority to field officials where there is a geographic dispersal of operations. Second, the expansion of central agencies both to support cabinet decision making and to implement cabinet or cabinet committee administrative rules and regulations, such as those of Treasury Board, has created an organizational incentive, even a requirement, that departments retain authority at headquarters. And in spite of modern travel and communications, many still feel that line departments need to have this authority in order to interact effectively with these central agencies in policy planning and program development. Third, the functional orientation of line departments has created a set of bureaucratic institutions that are not only structured in terms of the technical services they provide and the specific national sectors they serve, but are also concerned with the provision of these services in accordance with national standards of both technical excellence and reasonable access to citizens across Canada. Although regional requirements are not necessarily ignored in the applications of these two sets of standards, the objectives are primarily, if not exclusively, national welfare objectives and not the development of regions or even, for that matter, economic development of the country as a whole.

In summary, the regional dimensions of national policy as an organizational matter have in the main been handled at the political level through the informal system of having regional ministers in the cabinet, while the structure of cabinet portfolios and the departmental apparatus of the federal government were developed almost exclusively along functional lines. Although geographically dispersed in their operations across all regions of Canada, the organizational norm for line departments has been a highly centralized hierarchy in which there was very little devolution of authority to regional administrators. Over the past two decades and more, however, successive federal governments have paid increasing attention to regional inequalities generally and to what we now refer to as "regional development policy." The following section outlines the evolution of the organizational developments which took place in response to the various twists and turns of federal regional development policy. To be sure, regional responsiveness involves far more than economic development. However, we consider our focus on regional development policy to constitute an ideal lens for examining the regional responsiveness of government organization generally, if only because the adoption of policies specifically designed to deal with regional economic development has forced the issue of how departments and agencies respond and relate to regional needs and interests.



## **The DREE Era: Government Organizational Design**

The emergence of what we now call regional development policy involved a process of intellectual and organizational change which began with the Diefenbaker government, was extended by the Pearson government, and culminated in the first years of the Trudeau government with establishment of the portfolio and department of Regional Economic Expansion (DREE) in 1969. In the decade preceding DREE, the Conservative government of John Diefenbaker had reoriented national economic policy by its efforts to ensure that all regions of the country received the attention of the federal government. As Bruce Doern put it, this approach "was a reflection of Diefenbaker's reaction to the 'GNP mentality' of the previous Liberal regime, a mentality which seemed to miss major pockets of Canadian society."<sup>16</sup> When the Liberals, under Lester Pearson, came to power in 1963, the idea of federal policies to support development in the less well-off regions of Canada was firmly established as a legitimate and important objective of the federal government. Moreover, legislation such as the Agricultural and Rural Development Act (ARDA) and organizations such as the Atlantic Development Board (ADB) were in place. To these, the Pearson government added new initiatives, such as the Fund for Rural Economic Development (FRED) and new agencies such as the Area Development Agency (ADA) and the Department of Forestry and Rural Development.<sup>17</sup>

The first steps toward regional development policy were clearly oriented to the elimination of rural poverty, in part because of the economic transformation in those areas where agriculture itself had changed and in part because the electoral base of the Conservative Party was in large part rural. The designation of the Atlantic provinces as a region which required development across the entire area added a second orientation which was even more specifically regional in its focus. The Liberal government which replaced the Conservatives in 1963, while not immediately abandoning the first orientation, gradually built upon the second and more specific regional orientation. It did so at a time when the intellectual possibilities of regional economic development theory were beginning to take hold within the bureaucratic arena.

Until 1969, however, the basic patterns of cabinet and bureaucratic organization remained essentially the same. Powerful regional ministers, such as Alvin Hamilton in the Diefenbaker government, Jack Pickersgill in the Pearson government, and Jean Marchand in the first years of the Trudeau government, used the departments and agencies which were assigned to their portfolios to promote regional interests in national policies, particularly of course in their own regions. Although regional political considerations thus loomed large in the determination and implementation of various programs and activities, there was for the most part a lack of coordination of the regional dimension of national policies, given



the informal role of regional ministers and the absence of any portfolio or organization with the mandate or capacity to provide clear policy direction or policy coherence. The organizational location of some agencies was not determined in relation to an organization design for regional development policy but was decided on the basis of individual ministerial interest and power. For example, the Atlantic Development Board between 1963 and 1967 was attached to Jack Pickersgill in his informal role as regional minister. It was first put under Secretary of State and then transferred to Transport, the initial placement and subsequent shift coinciding with Pickersgill's portfolio assignments during his tenure in the Pearson cabinet.<sup>18</sup> This approach, not unique to the ADB, meant that while a minister might be receptive to their objectives, the agencies concerned were frequently regarded as poor cousins by the host departments, which constituted the principal bureaucratic establishment of the portfolios in question. The only major effort to provide some semblance of coordination was the establishment in 1965 of a Special Planning Secretariat within the Privy Council Office. It was responsible for coordinating all departmental policies for Canada's "war on poverty," including regional poverty. However, this effort was "absolutely abortive" and was abandoned in 1967. As Donald Savoie summarized this period:

Much of the planning involved in developing these programs was carried out on a fairly independent basis by separate federal departments. Although occasionally a central agency like the Department of Finance would attempt to promote coordination between the various departments, such coordination usually resulted more from individual deals struck between line departments than through imposition or even encouragement from the top down . . . By and large, . . . each program had a different objective and was attached to a different agency which meant that overall coordination was difficult to achieve.<sup>19</sup>

The establishment of DREE in 1969 was meant to change these basic patterns in a number of ways. First, a coordinated approach to regional economic development was to be instituted by virtue of the mandate given to this portfolio, which was:

In cooperation with other departments, branches and agencies of the Government of Canada, [to] formulate plans for the economic expansion and social adjustment of special areas; and with the approval of the Governor-in-Council, [to] provide for coordination of the implementation of those plans by departments, branches and agencies of the Government of Canada and carry out such parts of those plans as cannot suitably be undertaken by such other departments, branches and agencies.<sup>20</sup>

This new portfolio, in short, was not to be just another line department but rather was to initiate and facilitate cooperative efforts between the

line departments, to coordinate when so authorized the implementation of programs and to proceed, when necessary, on its own. Second, DREE assumed responsibility for many but not all of the established programs and agencies focussed on regional development, such as ARDA, FRED, ADA and ADB. Third, an important regional minister, Jean Marchand, was given this portfolio, indicating the priority attached to regional economic expansion by Prime Minister Pierre Trudeau. Fourth, the regional planning orientation underlying this new organization, while allowing for cooperation with the provinces in the regions to be served, not only considered regions to be distinct from the territorial jurisdictions of the provinces but also implied a direct and visible role for the federal government in the designated regions.

In the first few years of its existence, DREE took a highly centralized approach to the problem of regional development. Regional officers responsible for the ARDA-FRED programs lost their signing authority and were no longer permitted to deal with provincial planning agencies — agencies whose existence and growth in many instances had been encouraged by earlier ARDA-FRED policies and money. Federal-provincial consultative mechanisms at the regional level were abolished. Consultation was now strictly between ministers and senior officials and the provinces, and in many instances the provinces themselves were bypassed or ignored when federal policy initiatives were introduced into the regions. Within a few years, however, DREE was forced to backtrack when a number of provinces were successful in applying political pressure to the federal government. A number of the more rigid policies had to be adapted and readjusted after the fact in order to fit local conditions, illustrating the difficulties inherent in the centralized design and implementation structure.<sup>21</sup>

In 1973, after an elaborate review, DREE's operations were revised considerably with the introduction of a new policy orientation and a decentralized organizational structure. Regional policy became more multidimensional and projects more widely distributed throughout the provinces, a change from the earlier stress on the "growth pole" concept which had restricted projects to large urban centres and the provision of infrastructure and industrial incentives. Projects were now on a smaller scale but encompassed a wider range of sectors and were distributed throughout any given province. The multidimensional aspect recognized, in short, that regional development involved a wide range of highly differentiated activities.<sup>22</sup>

The reorganization itself comprised two aspects: decentralization of the department and adoption of the so-called General Development Agreement (GDA) approach. Decentralization was achieved by establishing four regional offices, complete with administrative, financial and policy analysis support and headed by assistant deputy ministers. The ten provincial offices were also strengthened and all development ideas, whether from

the federal government or the province, were henceforth channelled through the provincial offices. Both provincial directors-general and regional assistant deputy ministers were given discretionary authority to approve projects up to fairly generous limits.

The General Development Agreement approach, in turn, reinforced the effect of the decentralization. The GDA was basically an enabling document which stated the general goals to be pursued over a ten-year period, e.g., to increase the productivity of primary industries, to promote the diversification of the provincial economy. Subsidiary agreements then gave effect to these broadly defined goals by outlining the specific objectives and the means to attain them. Unlike earlier DREE initiatives, the GDAs were designed to be joint endeavours by the federal government and the provinces; matters would not proceed until agreement had been reached. Once a GDA had been approved by both the federal and provincial governments, it was administered by the Canada-Province Development Committee. In theory, subsidiary agreements also required cabinet approval at both levels. In the federal government, however, effective approval was given by Treasury Board except in cases involving major questions. In all cases, however, an Order-in-Council had to be issued. The agreements were then implemented by joint management committees with equal representation from both governments, including the provincial director-general of DREE and a senior-level provincial bureaucrat. For obvious reasons, there were no politicians on either of the two committees.

The GDA era was unique in many respects, especially in light of the heightened level of competition and conflict between the federal government and the provinces during the 1970s. The popularity of the GDAs with the provinces can be explained by the fact that the federal government was willing to pay a very high proportion of project costs — up to 90 percent in Newfoundland; 80 percent in Nova Scotia and New Brunswick; 60 percent in Quebec, Manitoba and Saskatchewan; and 50 percent in Ontario, Alberta, and British Columbia.<sup>23</sup> As well, a number of the provinces felt that they could succeed in bringing a number of their own projects under the GDA umbrella and hence receive funding for what they considered to be important priorities. All these features made the new DREE approach especially attractive to the Atlantic provinces. Once the GDA and various subsidiary agreements were in place, DREE and provincial officials worked together with relatively little political interference. This blissful state of affairs, however, was misleading. Major problems were inherent in these arrangements which in the long run helped to bring about the downfall of DREE and which illustrated the danger of trying to minimize the political dimension in regional policy decision making.

Over time dissatisfaction with DREE programs developed within the political leadership at both levels of government. At the provincial level, politicians in some provinces felt that they did not have as much influence

over the implementation of programs as they would have liked. Overall, however, the provinces thought that the GDA system worked reasonably well, given the deteriorating trend in federal-provincial relations generally. At the federal level there was probably greater unhappiness, as some ministers of other departments did not like their inability to influence DREE expenditures. These concerns were animated in good part by envy on the part of line departments, which saw DREE initiating projects in their own areas of jurisdiction while they had to operate with increasingly restricted budgets. Equally important perhaps were the more general concerns of the federal government over the perceived lack of political credit and visibility for the various projects funded by DREE. This concern became particularly acute during the early 1980s with respect not only to DREE but also to other programs such as medicare and post-secondary school financing.

In general it can be said that a number of politicians at both levels of government were unhappy with their perceived lack of involvement in regional policy making and implementation. Although DREE officials were reasonably conscientious in informing officials and ministers of line departments, as well as MPs from the relevant ridings, about proposed and ongoing projects, this information was often ignored or set aside until the projects were launched, due in part to the fact that these projects fell outside their own line department responsibilities. Then, with the benefit of hindsight, these individuals realized if they had paid closer attention at an earlier stage, they might have been able to influence the design or location of the projects in question. Further, Donald Savoie has given examples of politicians who possessed advance notice of development projects but were unable to affect basic locational decisions carried out under subsidiary agreements.<sup>24</sup> Nevertheless, regional ministers at the federal level were able to influence some DREE decisions, but this was achieved largely by using the resources and clout of their line departments. For example, Romeo LeBlanc, Minister of Fisheries throughout the 1970s and regional minister for New Brunswick, was able to significantly restrict DREE's activities in the area of fisheries.<sup>25</sup>

From an organizational perspective, a major federal concern was that DREE was not proving to be very effective in coordinating and integrating the activities of other line departments, although over time relations between DREE and line departments did improve,<sup>26</sup> e.g., when the second round of subsidiary agreements was being negotiated in 1978-79. Nevertheless, in taking a multidimensional approach, the federal government had expected that the activities of line departments deemed to be relevant to development in a particular province would be coordinated — or “bent,” in bureaucratic parlance — by DREE. DREE had a certain amount of financial clout but no overall coordinating authority to override line department decisions. It could only offer to purchase the necessary pro-

gram components from the appropriate line department, and in a number of crucial situations this technique proved to be inadequate. The line departments in turn felt relatively little need to pay much attention to regional concerns, and indeed one common sentiment was that DREE existed to take care of regional issues and therefore line departments did not need to concern themselves with either regional programming or more generally the question of regional sensitivity.

In many respects DREE fell between a number of stools. It had neither the financial wherewithal to finance large-scale multidimensional projects, nor the political or administrative authority to coordinate and integrate the multifarious activities of other departments so as to achieve the same objectives. Furthermore, because it could submit most of its decisions to Treasury Board rather than having to get cabinet approval, it was hampered to some degree by envy and a lack of understanding and involvement on the part of other departments.<sup>27</sup> When most of the ten-year GDAs were about to expire, and in the atmosphere of federal-provincial conflict over the Constitution and fiscal transfers, matters became ripe for change. These conditions were necessary but not sufficient to explain completely the demise of DREE. We need to take account of other developments in Ottawa and to place the problems confronting DREE, particularly in its relations with other line departments, in the broader context of policy and expenditure management and overall strategies for economic development.

### **National and Regional Economic Development: BED, MSED and MSERD**

The establishment of DREE, its subsequent decentralization, and its efforts to have other line departments participate more effectively in regional development, were but elements in a larger system of economic development policy making and administration. Within this larger system, there emerged through the 1970s an increased concern for greater coordination of the wide range of departments and agencies whose programs, expenditures and regulations related to economic development.

In addition to the challenge of coordinating the complex interorganizational policy and administrative system in place by the late 1970s, a number of factors contributed to this increased concern. Among these were:

- the downturn in the manufacturing sector and the search for an "industrial strategy";
- the effects of escalating energy prices on economic development;
- the effects of international tariff agreements and the need for industrial adjustments in Canada;
- the increased conflicts with business and labour and their effects on the operation of consultative mechanisms; and,

- the increased conflict with provincial governments, especially concerning the recognition given to federal participation in joint federal-provincial undertakings.

By the late 1970s the federal government had several mechanisms in place to provide for coordination as well as cooperation and consultation. At the centre of the governmental system a considerable number of changes had been implemented, aimed at providing a more effective system of coordination for the purposes of the "management of government." The cabinet committee system, a number of "horizontal" or coordinating portfolios, an enlarged complex of central agencies, and a program budgeting system had been put in place in order to promote greater collegial decision making and consequently greater coordination in policy development and program management. Notwithstanding these organizational innovations, and indeed in part because of them, a number of deficiencies remained, particularly with respect to economic development policy.<sup>28</sup>

First, no single portfolio was considered able to exercise sufficient leverage to define, let alone integrate, the field of "economic development policy." Economic development was a function of several portfolios including Industry, Trade and Commerce, Regional Economic Expansion, Science and Technology, as well as the several resource-based departments and agencies. In this respect, the most important factor was probably the increasing tension between the Privy Council Office-Prime Minister's Office and the Department of Finance, and the gradual decline of the latter as the chief coordinating agency in economic matters. Second, the cabinet committee system — and thereby the decision-making system — were not structured in such a way as to focus or integrate decision making at this level on the broad subject of economic development policy. Third, this highly differentiated departmental structure did not seem to promote an effective interface between the government and the private sector. Fourth, the dispersal of federal line-department activities in the regions had occurred over the years with what some thought was insufficient attention to the need for coordination in the field. Fifth, the decision-making system throughout the federal government did not appear to provide for sufficient integration of policy and expenditure decision making. These shortcomings of structure and process had other implications beside those for economic development policy, but for a number of reasons they were perhaps most obvious and acute in this area.

In August 1978, the prime minister decided to effect major budget cuts in federal spending while at the same time giving highest priority to new initiatives in the area of "economic development." This led to new funding for economic development programs which, during a time of restraint, meant of course that intense interdepartmental competition could be expected for these discretionary funds. There was concern that the existing machinery of government was incapable of providing the desired degree

of coordination and integration. These concerns were addressed in the Privy Council Office, given its responsibilities for government organization, and at least three major options for change were considered:

- a new “super” department, providing for the integration of Industry, Trade and Commerce, Regional Economic Expansion, and Science and Technology;
- a strengthened interdepartmental committee based on the above-noted interdepartmental review process; and
- a “board” of ministers.<sup>29</sup>

This third option was presented to the prime minister shortly after his August decision and in November a new board of economic development (BED) was created.

This board was composed of the deputy prime minister; the Minister of Finance and the president of the Treasury Board (the latter two as ex officio); the ministers of Energy, Mines and Resources; Science and Technology; Labour; Regional Economic Expansion; Employment and Immigration; National Revenue; Small Business; and Industry, Trade and Commerce. The board’s president was the minister responsible for the newly created portfolio for economic development. The president and board were provided with a new Ministry of State for Economic Development (MSED), a support staff to serve both this new portfolio and the new cabinet committee. The mandate of the minister and the ministry was to formulate and develop policies with respect to:

- the most appropriate means by which the government of Canada may, through measures within its field of jurisdiction, have a beneficial influence on the development of industries and regional economies in Canada;
- the integration of programs and activities providing direct support to industry, including their coordination with other policies and programs of the government of Canada; and
- the fostering of cooperative relationships with respect to industrial development with the provinces, with business and labour, and with other public and private organizations.

The powers, duties and functions of the minister, were:

He shall in concert with and as the President of a board of Ministers to be called the Board of Economic Development Ministers,

- (a) define an integrated federal approach to the provision of direct support to industry and economic development in Canada both by industrial sector and by region,
- (b) review and concert proposals by departments prior to their consideration by Treasury Board or by the Governor in Council, and
- (c) develop mechanisms to improve and to integrate program delivery at the local or regional level;



He shall advise the Treasury Board on the allocation of financial, personnel and other resources to federal programs that provide direct support to the development of economic enterprise in Canada;

He shall lead and co-ordinate the efforts of the Government of Canada to establish cooperative relationships with the provinces, business, labour and other public and private organizations, for the industrial development of the economy; and

In respect of research and policy development, he may

- (a) initiate and co-ordinate research and policy studies,
- (b) initiate proposals for new policies, programs and activities, and
- (c) evaluate existing and proposed policies, programs and activities to ensure their consistency with federal industrial development policies and recommend changes therein.<sup>30</sup>

The roles of this new portfolio, cabinet committee and central agency secretariat constituted an organizational innovation in a number of respects. Most important was the fact that this new structure integrated policy and expenditure decision making at the ministerial level. These functions had been separated under the existing cabinet committee system. The board was not only a new cabinet committee for "economic development policy"; it was also a sectoral cabinet committee with powers to allocate expenditure resources for programs of the departments within its sector. In this latter respect, the board assumed powers which previously rested with Treasury Board, a horizontal cabinet committee separate from the other cabinet committees. Concomitantly, at the official level, the secretariat to serve the board, the Ministry of State for Economic Development (MSED), performed central agency or staff functions previously performed by the Privy Council Office for the sectoral cabinet committees and by the Treasury Board Secretariat for Treasury Board. To this end, not just the president but all ministers on the board were briefed by MSED on the policy and expenditure implications of proposals to be considered by them.<sup>31</sup>

Thus, there was now not only a cabinet committee in the area of economic development but, equally important, a minister and ministry of state with general powers to coordinate and integrate this newly defined field of federal government policy. In political terms, at least initially, the prime minister made it clear by virtue of the selection of the individuals to head both the portfolio and its secretariat, that this new organization would be endowed with the necessary political and bureaucratic power.<sup>32</sup>

Although in 1978 there were obvious political reasons to question the federal government's commitment to these innovations, doubts about the organizational rationality of this change were laid to rest to some extent when the Progressive Conservative government of Prime Minister Joe Clark reorganized the structures and process of the federal decision-making system using this innovation as its model. For example, it also created the Ministry of State for Social Development (MSSD) to parallel MSED.



Although the "board" lost its title and became the cabinet committee on economic development, its mandate and powers remained essentially the same, notably with respect to the integration of policy and expenditure decision making. By the time the Liberal Party returned to power, the concepts of sectoral cabinet committees headed by ministers of state with their own central agency secretariats and of an integrated policy and expenditure management system were clearly established as the organizational principles upon which the executive decision-making system was predicated.

The establishment of the cabinet committee on economic development, MSED and the policy and expenditure management system (PEMS) did not substantially transform the roles of the departments involved in the field of economic development policy. Rather, these innovations were imposed upon the existing structure. Within this new system, moreover, DREE operated in a political and bureaucratic milieu which highlighted the strengths and weaknesses of the federal government's organization for regional economic development policy.

DREE had a sweeping mandate, even if its powers were limited. Its regional economic development responsibilities included industrial development, which often brought it into conflict with Industry, Trade and Commerce, but they also extended beyond. Indeed, its responsibilities, if not its authority, encompassed the specific concerns of a number of federal government departments, especially those in the major resource fields, and to a lesser extent also brought it into conflict with them. DREE's objective was to alter the spatial distribution of economic development activities and, accordingly, to adjust or "bend" national programs to fit regional needs.

Although, as noted earlier, DREE's capacity to coordinate the activities of other federal departments and agencies was extremely limited, politically and bureaucratically it possessed two assets which gave it some leverage. First, its decentralized structure in tandem with the General Development Agreement (GDA) approach enabled it to develop effective relationships with provincial governments at the bureaucratic level and also gave DREE staff an on-the-ground appreciation of what was going on in the economies of the regions. These relationships often afforded officials in the regions the opportunity to initiate and advance proposals before many of the affected political and bureaucratic officials in Ottawa, other than those in their own department, were brought into the decision-making process. Second, the expenditure process as it related to the subsidiary agreements was structured in such a way that funding came directly from DREE's own budget.

Each of these assets, however, was also a liability for both DREE and the federal government's efforts in regional economic development. Opposition to the regional economic development programs from other

ministers and departments was inevitable once expenditure restraint set in, simply because restraint severely limited the amount of new or discretionary monies that could be allocated to programs they proposed. The ability of DREE to support its new programs or projects provoked envy and even resentment. These other ministers and departments also did not welcome the efforts of DREE to bend their programs and expenditures to promote regional economic development. DREE could not dictate such programs or expenditure-bending but it had some leverage through the expenditure incentives provided through its own program budget. While some success was achieved by virtue of this approach, its value was considered contentious in at least two respects.

First, DREE's mandate and activities were regarded by other ministers and departments as those of a distinct portfolio and department. Therefore, little or no effort was made by others to consider the regional economic development dimensions of their own programs or expenditures. Given that these programs and expenditures had major effects on regional economic development, their potential importance clearly outweighed the effects which DREE could have had on regional economic development, even with its General Development Agreements and other programs. At the same time, as many of the infrastructure requirements for regional economic development had been accomplished through these agreements by the end of the last decade, the perceived need to address the regional dimensions of these other programs and expenditures had become more critical. DREE had considerable responsibility in this regard but very little authority or power to fulfill them.

The second disadvantage of this structure and process was that DREE's mandate was limited to regional economic development and did not extend to economic development generally. In this sense, it was no more than one line department among many. At the same time, the establishment of the board and then the cabinet committee on economic development with its minister and Ministry of State for Economic Development was a recognition of the need for coordination in a field that clearly embraced regional economic development. This new system provided the required focus but was simply imposed on top of the previous regime. This approach, as would be expected, quickly raised questions about the logic of maintaining those elements of the previous regime whose defects led to the establishment of the new arrangements.

The organizational response to the perceived need to integrate more fully these two aspects of economic development policy and meet the alleged need for "federal visibility," was announced in January 1982.<sup>33</sup> It involved considerable reorganization and reshuffling of programs. The regional programs of DREE and the industry, small business and tourism programs of Industry, Trade and Commerce were amalgamated through the establishment of a new Department of Regional Industrial Expansion

(DRIE); the trade branch of IT&C was transferred to a reorganized Department of External Affairs; and DREE's responsibilities for subsidiary agreements in areas such as agriculture and forestry were turned over to the relevant line departments. Both DREE and IT&C were dismantled as portfolios and departments.

Second, the cabinet committee on economic development and the Ministry of State for Economic Development were renamed the cabinet committee on economic and regional development (CCERD) and the Ministry of State for Economic and Regional Development (MSERD). These new titles demonstrated the government's intention that "the regional perspectives be brought to bear on the work of all economic development departments and in all economic decision making by the cabinet."<sup>34</sup> The "regional" focus of the government was enlarged to include all "regions" of the country and was now to be designated as corresponding to the boundaries of the provinces. To this end, all sectoral departments in this field were directed to "improve their regional capabilities and to build the regional dimension into their internal policy development and decision-making processes" now that "responsibility for economic development in the regions . . . [would] not be the distinct mandate of a single department." These departments were expected to take advantage of "the availability of specialized personnel [individuals already in regions and now part of DREE]"<sup>35</sup> to assist them in carrying out this directive of the prime minister. What this meant, of course, is that departments were to decentralize not only in respect to their operations, as many had done or begun to do, but more important, in respect to their policy analysis and development functions.

The third major element in the reorganization was the establishment of a system of regional offices in each province as part of the Ministry of State for Economic and Regional Development organization, a decentralization that was novel in the experience of Canadian central agencies. These offices, each to be headed by a federal economic development coordinator (FEDC) of "senior rank," were given four main functions:

- to provide an improved regional information base for decision making by the cabinet committee on economic and regional development (CCERD), for use particularly in the development of regionally sensitive economic development strategies;
- to give regional officials of sector departments a better understanding of the decisions and objectives of the cabinet;
- to better coordinate the implementation of government decisions affecting economic development in the regions; and
- to develop regional economic development policies for consideration by cabinet.<sup>36</sup>

This innovation was considered of critical importance because the decentralized organization of the ministry was meant to ensure that the advan-

tages of the decentralized DREE were maintained, while the disadvantages due to its limited capacity to coordinate other line departments were overcome.

The January 1982 reorganization constituted a logical extension of the importance then attached to the institutions and processes of cabinet committees, central agencies, and the policy and expenditure management system. As noted, of course, it also was based on dissatisfaction with the role of DREE within the decision-making process and on the perceived lack of federal visibility within the GDA approach to regional development. Before assessing the structures and processes put in place by the 1982 reorganization, some of which survived less than three years, the objectives and requirements of this organizational regime should be outlined.

With the DREE portfolio eliminated, ministerial responsibility was passed to the Minister of State for Economic and Regional Development and all other ministers whose portfolios were encompassed by the new cabinet committee on economic and regional development (CCERD). The former, as minister of a central agency and chairman of CCERD, was given responsibility for the formulation of regional economic development policies for consideration by CCERD and for the coordination of economic development policy making by ensuring that "regional concerns are elevated to a priority position in all economic decision making by cabinet."<sup>37</sup> The first of these responsibilities required MSERD, as a central agency, to do more than control and coordinate line departments: it was also to develop policy proposals for cabinet through CCERD. Such policies, however, were intended to be administered through federal-provincial agreements and/or the programs and activities of federal line departments. The second of these responsibilities involved the minister and his MSERD staff in a support role to CCERD to ensure that "the regional dimension is built into decision making so that [line department] programs can be appropriately directed towards achieving specific economic development objectives in the regions."<sup>38</sup> In short, MSERD was to ensure that departmental programs were tailored to meet regional economic development objectives.

The regional development responsibilities of other ministers whose portfolios were encompassed by CCERD were twofold. On the one hand, as members of CCERD they were given a collective responsibility for the regional dimensions of national economic policy with respect to regional development policies per se, as developed and proposed by the Minister of State for Economic and Regional Development and his staff, as well as the regional tailoring of all departmental policies and programs as developed and proposed by each of the departmental ministers who were members of CCERD. On the other hand, these same departmental ministers were given the individual responsibility to ensure that their own departments were sensitive and responsive to the regional dimension in departmental policies and programs. In each of these ways, responsibility for

the regional dimensions of national policies was diffused across the economic development policy sector. When this new regime was established, however, no mention was made of the role of regional ministers in this set of arrangements.

At the bureaucratic level, the logic of this new organizational regime was dependent on the role of MSERD, as a central agency within the policy and expenditure management system of cabinet decision making, and on the roles of the federal economic development coordinators as the key administrative officials in the development of regional economic development policies. Line departments and their officials were not unimportant in this new system. Indeed much was to depend on their willingness and capacity to respond to the objectives of the reorganization, but at the same time the MSERD/FEDC apparatus was expected to lead the way.

MSERD's role in this new system was to be straightforward in some respects, particularly insofar as its role in the policy and expenditure management system was concerned. Its role in this system was to give it a major influence in both determination of the strategies and priorities of the economic and regional development policy sector, as established by its cabinet committee, and the specific policy and expenditures decisions of this committee. It was supposed to have this influence in the former set of decisions by virtue of its coordinating role in the preparation of departmental "strategic overviews" and "operational plans," in the FEDCs' preparation of provincial "Economic Development Perspectives," and in its own preparation of the entire sector's "policy outlook"; its influence in the latter set of decisions was to emanate from its provision to all members of the committee of "Assessment Notes" — which were brief and concise analyses of departmental proposals that assessed each proposal in the context of the government's policies, priorities and resources. In short, MSERD was to function as a support staff for this cabinet committee and to exercise a coordinating role vis-à-vis the departments in this sector, on behalf of its minister in his capacity as minister of state for the entire sector and chairman of the cabinet committee.<sup>39</sup>

Within this context, the functions to be performed by the FEDCs and their regional offices involved three principal tasks. First, these officials were to develop a solid grasp of the particular characteristics, needs and opportunities of their provinces as they related to government policies, priorities and resources. This understanding was essential if they were to develop regional development policies and contribute a regional perspective to MSERD's policy outlooks and Assessment Notes. In particular, they were to provide a good appreciation of the political climate of the region, especially with respect to the needs and sensibilities of regional ministers. Second, these officials, especially the FEDCs, had to be able to coordinate the implementation of federal decisions within the region without intervening in the actual management of programs. Again, the role of central

agency officials was to effect coordination but not to engage in second-guessing the decisions of departmental program managers. Third, these officials had to be able to facilitate effective federal/provincial cooperation and public/private sector consultations without infringing on either regular departmental responsibilities for such relations or the regular processes of department/client relations.

### **The 1982 Reorganization: Integrating Regional Policy and Regional Responsiveness**

On June 30, 1984, Prime Minister John Turner announced the elimination of the Ministry of State for Economic and Regional Development, a little more than two years after the 1982 reorganization had been put into effect and just over six months after the actual legislation had been proclaimed.<sup>40</sup> In some important respects, too little time had elapsed for an assessment on whether the reorganization could have had the desired effects. However, by June 30, 1984, certain trends had developed which pointed to shortcomings on the one hand and some interesting developments on the other. Both the FEDCs and regional ministers had taken on an importance not fully anticipated initially. The FEDCs, in a number of respects, filled a vacuum in dealing with issues in the regions for which no regular department had a clear or exclusive responsibility. The regional ministers, with some help from the FEDCs, were providing greater regional responsiveness in political terms.

In order to assess the role played by MSERD generally and the tasks performed specifically by the FEDCs, three basic instruments must be discussed: provincial "Economic Development Perspectives," "Economic and Regional Development Agreements (ERDAs)," and "Assessment Notes."<sup>41</sup>

The Economic Development Perspectives were part of the planning cycle of the policy and expenditure management system. Each FEDC provided input to the "strategic overview" for the country as a whole which was prepared by MSERD so that CCERD would have a benchmark against which to measure proposals for development and a framework for discussing specific issues. After the overview was vetted and modified by CCERD, it went forward as a CCERD document to the cabinet committee on priorities and planning, along with the economic and fiscal outlook from the Department of Finance and overviews from the other policy sectors. At the so-called "Lakes and Lodges" exercise, held at Meech Lake in Gatineau Park near Ottawa, expenditure "envelope" levels for the coming fiscal year were set by cabinet, and policy guidelines for managing the envelopes were laid down, as well as highlights for the next Throne Speech and Budget.

The Economic and Regional Development Agreements were supposed to help give effect to the themes raised in each provincial Perspectives docu-

ment but were also entities in their own right, designed as the successors to the General Development Agreements. Each contained a statement of strategic objectives agreed upon by both the federal and provincial governments. They were to set in place the basic framework to cover specific subagreements or memoranda of understanding between federal line departments and provincial agencies. The Federal Economic Development Coordinators had primary responsibility for initiating the ERDA process and coordinating negotiations between federal line departments and provincial governments. In short, the ERDA process constituted the FEDC's major regional development responsibility.

The Assessment Notes, assembled by MSERD to assist CCERD in deciding on the various proposals to come before it, were the third instrument used by MSERD to give effect to its coordinating function; indeed the assessment function constituted its principal role in support of CCERD. The FEDCs were expected to contribute to these notes with respect to the regional effects of various proposals.

MSERD itself was organized into five branches: policy, projects, operations, communications and corporate services. The first three were each headed by deputy secretaries while the last two were headed by assistant secretaries. The first three branches were obviously the most central to MSERD's role and were responsible for handling, respectively, the Economic Development Perspectives and sectoral strategic overview, the Economic and Regional Development Agreements, and the Assessment Notes. The FEDCs were linked to all three of these branches although they reported directly to the secretary of MSERD and, along with the three deputy secretaries and two assistant secretaries, constituted the management committee of MSERD, which was chaired by the secretary. Although the assessment process represented the basic lifeblood of the MSERD apparatus, for the FEDCs the Perspectives document and the ERDA process were probably more important, particularly during the first year or so. These two instruments helped to define the role of the FEDCs and served to develop linkages with the line departments in the provinces and with provincial governments. It is worth examining how these two instruments, as well as the assessment process, helped to organize the work of the FEDCs and their offices.

One of the first tasks carried out by the FEDCs, once they had recruited their staff, was the organization of a regional council. This council was composed of representatives of the economic development departments represented in CCERD, and in all but a few cases these representatives were the most senior regional officials of their departments. Additional councils or committees with varying degrees of formality were set up in many of the provinces. There was also a council of communications officers in many provinces; in Ontario there was a separate committee of senior



economists. The regional councils met on average every six to eight weeks and the Perspectives document was frequently the major item on the agenda for the first series of meetings. In some but not all FEDC offices, the first Perspectives document was seen at the earliest stage as the planning document out of which the ERDA would emerge. In most instances this did not prove to be the case, but discussion of the proposed content of the Perspectives document did serve to establish relations with line officials within the region. In fact, in good part because it served as a means for developing links with regional line officials, it also became somewhat less useful as a planning tool. The reason for this is obvious, at least in retrospect. It was difficult to nurture such links and at the same time make decisions which might result in recommendations to downgrade or restrict the activities carried out by these officials.

The regional council was supposed to play a role in drafting the document, by way of having local line department officials contribute their views on their particular sectors in the context of their province. In this respect, most of the actual work in culling and synthesizing information came to be done by the FEDC's policy analysts, each of whom was generally responsible for two to four sectors and for relating on a more or less regular basis with people in the relevant line departments both in the region and in Ottawa. The FEDC, with the help of these analysts, would then amalgamate the separate analyses into a single Perspectives paper. This provided an overview of the provincial economy, its strengths and weaknesses, where it was going, and in a general way the sorts of things that could usefully be done to improve matters, particularly by the federal government. The Perspectives document was therefore primarily a product of the FEDC office, and one of its more important functions was simply to encourage line departments to think about how their activities might fit into the economic development needs of the province.

In the case of the Assessment Notes, the FEDCs would receive documents or proposed briefings from MSERD headquarters for their reaction as to the regional implications. The largest single problem faced by the FEDCs was the sheer volume of material and the lack of a screening device to allow them and their offices to focus on the issues of greatest importance to their regions. An additional difficulty was lack of time — frequently a response to a lengthy document would be required within 24 hours. Over time, the FEDCs did begin to develop the capacity to be selective in their examination of documents, as well as a sixth sense for what constituted a major issue for their particular province.

Access to these cabinet documents helped the FEDC offices in some of their dealings with regional line department officials. Information is power, and being able to feed information to regional line department officials about impending changes affecting their department or region raised the status of FEDC offices in some provinces, though not in all. The infor-



mation which regional line department officials were able to obtain from FEDC offices was frequently not available from within their own departments.

A number of additional tasks performed by the FEDCs became apparent over time. Some of them could be put under the heading of problem solving or "firefighting." In one FEDC office these functions came to be labelled "pathfinding" and "trip-wire" operations. The former activities were designed to help businesspeople, entrepreneurs, labour leaders and ordinary citizens get in touch with the appropriate federal agency, or even the provincial agency in some instances, in the region or in Ottawa. This function involved both dealing with individual inquiries and developing communication instruments to create awareness of the various departments and programs operating in the region. The trip-wire function constituted an early warning system designed to prevent the federal government from committing major errors. Many of these potential errors were to be found in the federal-provincial relations minefield. For example, an FEDC office might point out that the proposed withdrawal by the federal government from a joint program could lead to an accusation that it caused the program to fail, while the mere passage of time would result in failure of the program with little or no blame assigned to the federal government. Other examples of the trip-wire function would be flagging proposed federal programs which were clearly at odds with each other, or alerting either MSERD or the line department officials in Ottawa directly that there was a major public relations problem over a particular program.

Instances of problem solving or firefighting were most clearly apparent where responsibility was shared among a number of departments or where it appeared to be lacking and the FEDCs could exercise their coordinating skills. One example was the Slave River Hydro project in Alberta, a provincial project which involved several federal agencies and in which overall management and coordination of these agencies appeared to be lacking (i.e., coordinating the project through the various environmental assessment procedures). On a lower level, plant closures in virtually all provinces, a frequent occurrence during the 1982-84 period, often came to involve the FEDCs. Plant closings tended to be highly visible events, leading to all sorts of direct and indirect pressures for governments to become involved. There was generally little the FEDCs could do by way of rescue operations. They more often became involved in the phasing-down operation — for example, by ensuring that the Canadian Employment and Immigration Commission was mobilized or by bringing in people from Ottawa to explain what had been done to help and why the government could not help further. Ironically, instead of playing their primary role of helping to identify development opportunities in a booming economy, the FEDCs ended up in the middle of a major recession spending a good part of their time helping to phase out failing enterprises.

The activities described above, revolving around the Perspectives document, ERDAs, Assessment Notes, problem solving and the like, were generally common to all FEDC offices. It should be emphasized, however, that each FEDC office tended to organize its operations and handle its tasks somewhat differently. Even the nomenclature for the same instruments and functions tended to vary. The particular expertise of the FEDC's staff made a difference as to the activities in which they became involved. For example, the Newfoundland FEDC, who had been a provincial deputy minister of fisheries, played a major role in negotiations leading to restructuring the fisheries in that province. Some FEDC offices extended their activities even further. In Alberta, for example, the FEDC office, one of the first to get off the ground, began an "outreach" program which deliberately cultivated linkages with organized interest groups. Systematic attempts were made to consult on a regular basis with various business groups, organized labour, and native groups. The Alberta FEDC also tried to foster an ethos of corporate responsibility among both his own staff and regional line department officials, promoting the view that a federal employee should be responsible not just for his specific line responsibilities but also for representing the Canadian government in a broader sense.

In summary, the FEDCs had different views about their mandate and therefore pushed the development of their role in somewhat different directions. Some saw the ambiguity of their mandate as an invitation to experiment, and boldly extended their reach to a number of sectors and constituencies. Others played things very cautiously and maintained a fairly low profile. These differing interpretations of mandate and perceptions of responsibilities also reflected regional interests and cultures of the provinces to some extent, as well as the predilections of individual FEDCs. This situation presented problems for MSERD, however, particularly with respect to the management of the Assessment and Perspectives processes.

To ensure the smooth functioning of CCERD and, ultimately, the rendering of effective decisions by government, it was essential that the MSERD apparatus itself function smoothly. Unfortunately, during the course of its 30-month existence it became evident that there were serious problems in meshing the operations of the FEDCs with those of headquarters in Ottawa. These problems hindered MSERD in servicing the needs of CCERD for long-term planning for regional development. These problems cropped up mainly in the operations and policy branches and with the management committee. The difficulties stemmed from three basic sources: (a) the inherent difficulty of reconciling and integrating ten different regional views with each other and with the national view; (b) the complexity of the decision-making machinery and the lack of clear precedents or historical experience for the operations of a decentralized central agency; and (c) a lack of commitment to the concept of regional responsiveness on the part of crucial segments of the headquarters staff. These problems

were due in part to the lack of leadership at the ministerial level and among top administrative staff. Among the latter, for example, there were turn-overs on the part of both the secretary and associate secretary in the first few months of MSERD's existence.

The operations and policy branches were the units most affected by logistical hurdles. We already noted the difficulties which confronted the FEDCs and their staffs in dealing with the constant stream of cabinet documents and proposals, both in being selective and in being able to respond quickly. At the other end, in the operations branch, analysts preparing the Assessment Notes faced the daunting task of eliciting responses from ten offices and bringing them to bear on the questions being addressed in a brief note, all within a very short time. Even if the analyst was able to include at least some of the more important regional concerns, other concerns were obviously bound to lose out. One common refrain among FEDC staff was that often there was no sign that their particular input, the product of many hours of labour, had had any effect on the document that was finally sent to cabinet. This difficulty, which again was in many respects a logistical one, contributed significantly to a feeling in the regions that the analyst "doesn't understand our province," "has never been further west than Parry Sound" or "can't tell a shadfish from a herring."

There were also pronounced differences in the way the FEDC staff and operations branch staff saw their respective roles. The operations branch's primary role, as the occupants saw it, was to provide a critical assessment of line department proposals from a broad national perspective. This view married rather uneasily with what they saw as the advocacy of narrowly defined regional positions on national issues frequently taken by FEDC staff. This view of operations branch officials was reinforced by the conflict of interest between the FEDCs' assessment responsibilities on the one hand and their advocacy function on the other, particularly with respect to the ERDAs.

On the whole, one could argue that the tension between FEDC offices and the operations branch was a healthy one which led to sound assessments of the regional and national merits of proposals forwarded by line departments. This was not a universal view, however. Operations staff resented the need to take regional concerns into account in the very short time available. Furthermore, in a limited number of instances the operations branch felt that the FEDCs had gone too far and become not just advocates of a particular position but also much too strident in their advocacy.

Similar problems also cropped up in the policy branch, which had responsibility for long-term planning and melding together the ten separate Perspectives with the national sectoral overview. In the eyes of policy branch staff the regional Perspectives were not very useful as planning documents. This was so for a number of reasons, but in particular because

the first round of Perspectives was produced under considerable time pressure by staff who were just finding their feet in a new setting and were faced with the task of addressing short-term concerns occasioned by the effects of the recession, such as job creation schemes. There were also the reasons cited earlier — namely the need of the FEDCs not to offend unduly the sensibilities of line departments, a factor which limited their ability to “speak truth to power.”

The FEDCs generally conceded that the Perspectives were not as hard-hitting as they might have wished. However, on a more fundamental level there were clear policy differences between a number of the FEDC offices and policy branch. In theory, both the FEDCs and policy branch were concerned with striking a balance between national and regional concerns and were committed to the view that in a conflict between the two the national interest should prevail. The difference between some of the FEDCs and policy branch resided in the extent to which they saw the two concerns as contradictory. To a lesser extent there was also the question of the degree to which provincial “needs” should affect the skewing of national priorities. Some FEDCs felt that there were many instances where regional and national needs or opportunities were mutually compatible. Policy branch felt that these alleged instances of mutual compatibility were rare, that much more frequently there were distinct trade-offs between national and regional needs or competing regional needs, and that what the FEDCs saw as opportunities were actually liabilities insofar as the opportunity costs involved were often considerable (i.e., the same resources used elsewhere would yield much greater returns).

Policy branch, then, saw its primary role as one of safeguarding the national interest as opposed to regional interests. The branch had been part of MSED before the 1982 reorganization and resented the fact that regional development had been tacked on to its mandate. Furthermore, its stance toward the Perspectives document was reinforced by what some of its staff saw as the failure of regional policy experiments in Canada over the years. With the shrinking economy, it was felt that there were even fewer opportunities for the successful implementation of regional development schemes. To be sure, there were continuing pressures by regional ministers and provincial governments to maintain the flow of regional development expenditures, but policy branch felt that the consequence of such pressure was the funding of less-than-suitable projects — “And we are funding them because the more plausible schemes have already been tried and *they* didn’t work!”

To say the least, relations between the FEDC offices and policy branch were far from satisfactory. In spite of its mandate, policy branch over the two and a half years really had no interest in developing a regional policy strategy; it was only in the final months, in the spring of 1984, that additional staff was acquired to begin a historical review of regional programs. Furthermore, overshadowing the operations of policy branch was

the legacy of the megaproject strategy, the grand design of 1981 which was supposed to solve both the national and the regional economic ills of the country. The branch had been largely responsible for drafting this document during the pre-MSERD days, and in many ways the role envisioned for the FEDCs was premised on the perceived regional opportunities to be generated by these megaprojects. Instead, the FEDCs ended up helping to pick up the pieces of a broken economy.

The most important link the FEDCs had with the MSERD apparatus, and in many respects the most satisfactory, was with the projects branch. Originally this branch had been responsible for overseeing the non-fiscal aspects of the megaprojects — for example, environmental reviews and other regulatory concerns. It soon became apparent, however, that administrative and supervisory support was required for the ERDA process and this responsibility then fell to the projects branch. The ERDA process quickly became the branch's major preoccupation, and by the middle of 1983 about 85 percent of its time was devoted to this subject. Five analysts in the branch, each responsible for two provinces, took on the task of guiding or "facilitating" the individual ERDAs through the different stages — for example, by dealing with the operations branch, line departments and the PCO and Treasury Board on the issue of specific subagreements under the ERDAs.

Most of these analysts had DREE experience and were therefore well versed on what it was like to deal with provincial governments and client groups in the field. Their view was that the ERDAs needed to be regionally differentiated in terms of not only substance but also process. As one analyst put it, "It is important to develop a feel for the different provinces, to get to know the customs and sensibilities of the natives." This attitude helped in establishing reasonably good working relationships between the FEDC offices and the projects branch.

This working relationship was also aided by additional factors. Although the ERDA process was fairly complex, involving the coordination of several subagreements with national policy objectives, the substance or actual programs of the ERDAs was quite straightforward. There really was little in the ERDAs that was original; the end product was very similar to that of the earlier General Development Agreements. In other words, the projects branch did not need to devote a great deal of energy to finding creative new solutions or designing new programs. What differentiated the ERDAs from the GDA was the concept of direct delivery and the role of the FEDCs. In both cases these were differences in process rather than in substance.

The second factor was the political priority accorded to the ERDA process by the Minister of State for Economic and Regional Development. In the latter part of 1983, the minister was able to obtain the partial blessing of the prime minister for a push to sign off as many ERDAs as possible over the next six months. Although the prime minister did not openly

support the minister's initiative, he did indicate that he would not stand in the way should the latter need to "steam-roller" some of the more obstinate individuals in line departments or central agencies. The regional ministers were also anxious to see that the regional fund money allocated for the ERDAs was committed in their provinces before the next election. These political signals were sufficiently clear to ensure that various subagreements were not unduly delayed. Consequently, by June 10, 1984, no less than six of the ERDAs had been approved by CCERD and signed off with the provinces, each with a number of subsidiary agreements. In spite of their makeshift nature and lack of new policy content, the signing off of these documents was no small accomplishment, given the complicated negotiations involving two levels of government, three central agencies and several line departments.

The management committee of MSERD offered perhaps the best opportunity for highlighting regional views, both on their own and in relation to national policy. Since the committee was composed of the ten FEDCs, the secretary, the three deputy secretaries, and the two assistant secretaries, sheer weight of numbers ensured that the collective and individual voices of the FEDCs would be heard. Unfortunately it was in this arena that the complexities of the 1982 reorganization, with its accompanying vague guidelines, caused the most problems, despite good intentions on the part of the members.

The novelty of the FEDC position, with all the untested assumptions underpinning it, meant that rules and protocol had to be established, a common language developed, and new machinery put in place. In early fall of 1982, the full-scale management committee began having regular meetings every six to eight weeks. A good part of the subsequent meetings was taken up by matters of procedure and protocol, such as the appropriate format for the Assessment Notes and Perspectives, or the best way to handle the communications function in the region. These sorts of issues persisted for well over a year as the FEDCs proceeded to tackle new functions, i.e., as they moved from organizing regional councils to formatting the Perspectives document and discussing what an ERDA might look like.

On substantive issues the discussion within the management committee was somewhat reminiscent of the debates characterizing federal-provincial relations. The interests that separated the western from the central and eastern provincial governments surfaced in the issues that the FEDCs brought forward in the committee meetings. For example, the FEDCs from Saskatchewan and Alberta felt that exploitation and development of synthetic fuels such as the tar sands project was a much sounder bet than pumping millions of dollars into the East Coast offshore project through Petroleum Incentive Program grants. The FEDC from Nova Scotia, on the other hand, had a clear interest in seeing that federal support for offshore

drilling continued — in a depressed economy it was really Nova Scotia's one dynamic economic activity. Some FEDCs were accused at times by the Ottawa secretariat and other FEDCs of having gone too far in supporting provincial issues.

In many ways discussion in meetings of the management committee, which tended to be frank and open, pointed to the real problem inherent in trying to reconcile the regional and national dimensions of the Canadian economy and the difficulty of making trade-offs between the two. There were no magic solutions, and in any event these solutions were not to be found simply by virtue of the logic of the 1982 reorganization. The fact that many of the important issues — energy for example — involved mainly political decisions or tended to be the prerogative of a single minister, somewhat reduced the pressure on the management committee and the MSERD apparatus as a whole. At the same time, although there was never a clear split in opinion between the FEDCs on the one hand and the secretariat on the other, the latter did at times feel rather beleaguered. This effect was enhanced by the senior status of two of the FEDCs (the Alberta and Nova Scotia FEDCs were formerly senior deputy ministers in Ottawa), and the personalities of the British Columbia and Alberta FEDCs, both of whom were described as "straight shooters" who had no qualms about stating what they felt was amiss with Ottawa's policies.

In summary, there was a great deal of frustration with the internal workings of MSERD, felt by both the Ottawa secretariat and people in the regional offices. Although progress was being made in developing mechanisms for handling the paper flow and six ERDAs had been successfully pushed through the system, there were still several wrinkles to be ironed out when MSERD was told on June 30, 1984, to wind up its operations. The secretariat in Ottawa, particularly in the operations and policy branches, had felt itself under pressure even before 1982 in attempting to carry out its MSED central agency functions, given the resentment of central agencies among many ministers and line department staff. When the regional dimension became part of its mandate, the level of frustration increased, and many of the staff coped with the arrival of "Regional" in the ministry title by simply ignoring it. By June of 1984, many people in MSERD still referred to their organization as MSED, not only in oral discussions but even in written documents.

### **Relations between MSERD and Line Departments**

MSERD related to line departments with respect to the fostering of regional responsiveness in three ways: (a) through the ERDA process and the regional fund; (b) through efforts to persuade line departments to "tailor" their programs; and (c) through the process of "A" base review. In a more general way the Assessment Note process was also supposed to help instill regional sensitivity, but these three processes were the prime instruments.



The FEDCs were mainly responsible for the first two but they never succeeded in doing much with respect to review of "A" base expenditures. Operations branch did make efforts at "X budgeting" — that is, going over department budgets in order to free up funds for the policy reserve. This was quite separate from any regional considerations they had in mind and was something they had done before MSERD became MSERD, but it was illustrative of the procedures which would have had to be implemented to achieve a redeployment of departmental resources for regional development purposes. Needless to say, this "A" base review function was the most daunting; this was the aspect of MSERD's operations that line departments were most wary of, often for good reason. Ultimately, however, the extent to which MSERD succeeded or failed in affecting "A" base program expenditures of line departments on regional development projects would have stood as a measure of its overall effectiveness in fulfilling its regional development mandate.

Before discussing the specific role of MSERD, the state of affairs within the line departments in the early 1980s should be briefly noted.<sup>42</sup> First of all, a number of distinctions should be drawn between different types of departments and agencies. On the one hand, there are the large, traditional departments such as Transport or Fisheries, which have clear mandates and operate in areas largely under federal jurisdiction. These are also departments with which DREE had some but not extensive contact, certainly not much relative to the size of the departments. On the other hand, there are the smaller departments or department branches which, although they operated in a technically well defined field, were nevertheless operating in an area which is largely under provincial jurisdiction. Forestry and Minerals (the former a part of Environment, the latter in Energy, Mines and Resources) are good examples of this type of department. Between these two types are two very large departments with many senior employees working outside Ottawa in line management and operations. Agriculture operates in an area of concurrent jurisdiction, though in theory the federal government has paramountcy should a conflict arise between the two. Employment and Immigration, though not in the economic development envelope, did impact on economic development issues and therefore its regional directors did interact with FEDCs and other MSERD staff. This is a large department which has had a fairly decentralized administrative structure for at least a decade. The regional directors-general enjoy considerable autonomy in running their operations, although they have a very limited role in policy and program formulation.

In 1980, after the Liberals returned to power, the government embarked upon an economic and political strategy designed not only to achieve energy self-sufficiency and high levels of economic growth, but also and perhaps more importantly to demonstrate to the provinces who was in charge.<sup>43</sup> The best known results of this policy thrust were the National



Energy Policy and the megaproject strategy dealing with other resource sectors, but resource departments were also told to develop national strategies as part of the strategic overview exercise. Thus departments or departmental units such as Agriculture, Forestry and Minerals came up with their own sector strategies.<sup>44</sup> At about the same time it became apparent that DREE might be dissolved in the near future, and departments which had had fairly extensive dealings with DREE such as Forestry, Agriculture, and Minerals realized that they might well become responsible for administering programs under the GDAs and/or formulating and negotiating new subsidiary agreements to replace those that would be expiring in 1982 or 1983. Although these departments were not sure what form DREE's demise might take, or even when or if it would take place, they nevertheless had developed programs that could be put into place should the opportunity arise.

Agriculture was possibly the most advanced of the various departments in terms of actual structures, and this was in part a function of their fairly extensive dealings with DREE over the years. In the 1970s they had installed liaison officers in the regions to link up with the relevant DREE and provincial government people. These were not necessarily full-time positions; for example, a director of a research station might have taken on this function on a part-time basis. In 1981 Agriculture introduced a regional branch complete with a regional director plus staff for each province. These regional directors were given a purely coordinating role and thus no line authority. In many ways they were and still are remarkably like FEDCS in terms of their functions and mandate.

The Department of the Environment, which straddles the economic development envelope (i.e., Forestry is in the envelope), also has had coordinating personnel in the field since 1978. This department has five regional coordinators at the director-general level who report directly to the deputy minister. Although they do not have any line authority over the operations in their region, they do have responsibility within their defined regions for personnel and financial management and this provides a fair amount of leverage. Perhaps more important — and unlike the situation in Agriculture — they sit on the departmental management committee chaired by the deputy minister.

The Department of Transport was probably the least prepared for the 1982 changes. This department had previously had very little to do with DREE and because it was not specifically in the resource sector it escaped the direct effects of the federal government's emphasis on national economic development strategies. It was also a very traditional and highly centralized department. Within the department there is relatively little coordination or interaction between the various divisions except at the level of the deputy minister. Many Transport officials, however, would probably refute the charge that they were not regionally sensitive by pointing, for example, to the variety of transportation subsidies being provided to

the Maritimes and the efforts being put into ensuring that remote communities have adequate air transportation services. They would argue that it was probably not wise to define policies and programs in regional terms if one really wanted to serve the regions. In order to ensure equity in access to transportation throughout the country, it was necessary to spend more in some parts of the country, and this was best done by defining programs in sectoral terms. This kind of regional sensitivity, however, does not necessarily constitute a commitment to economic development. In connection with the latter, Transport officials were and are inclined to believe that their job was to provide services, not to affect development.

As noted before, one of the first tasks of the FEDCs was to set up a regional council consisting of the most senior official of the line departments based in the region. The response of many line officials to the first meetings of the regional councils was "What are we doing here?" — a feeling which in some instances continued for some time. The FEDCs did feel that as line officials began to develop a rapport amongst themselves, many of them began to discuss problems of overlap and coordination in the delivery of programs. (A number of these officials had not even known each other on a face-to-face basis before although they had lived in the same community for several years.) The extent to which such discussions translated into concrete instances of interdepartmental coordination is difficult to say. But what did become evident to many of the FEDCs were some glaring weaknesses — notably the absence of even medium rank managers stationed in their provinces. This was the case, in some instances, for major line departments which had substantial impact on economic activities in the region. In some cases the line department personnel, although quite knowledgeable and enthusiastic, were relatively junior and unable to influence decision making concerning the development or regional tailoring of their programs. In other cases the personnel, although reasonably senior, were technically oriented or were unable to speak for other branches of their department. Transport and Energy were most likely to fall into this category.

The extent to which the lack of senior personnel in the region was felt to constitute a serious problem varied. Some FEDCs felt that as long as line officials were knowledgeable about their region it did not matter whether these officials were in the region or in Ottawa. Others claimed that knowledgeable officials based in Ottawa were no substitute for an official close by, fully attuned to the local political and administrative culture, who could be seen at short notice. The extent to which the FEDCs wished to have more senior officials based directly in their region appeared to correlate with their distance from Ottawa. In any event, particularly when it came to developing the provincial ERDA, the FEDC offices found that they had to interact much more than anticipated with line officials in Ottawa. Even when there were suitable line officials in the region, line headquarters staff in Ottawa frequently wanted to ensure either that there

was proper coordination with ERDA subagreement negotiations taking place in other provinces or simply that there was strong central control, for either political or administrative reasons.

For some of the smaller line departments, placing fairly senior people in the field for policy development and program coordination purposes was a fairly expensive business. Though they perhaps recognized the desirability of putting more policy-oriented staff in the field, the best that could be done with the available resources was to handle things out of Ottawa. Other departments, like Transport, wanted to ensure strong central control. Above all, they were concerned with national standards and criteria; they also wanted to ensure that their field staff did not become too autonomous. One of the more important reasons for this was that many of their client groups are national in scope. Regional differentiation of national policy, for example, could allow a powerful national company to use specific regional concessions as leverage to obtain those same concessions elsewhere.

The Perspectives document was the initial basic instrument used by the FEDCS to impart a greater degree of regional sensitivity to the line departments. As noted, originally it was intended to be a precursor to the ERDAs but in this respect it was not as useful as many FEDCS would have liked. Nonetheless a number of line departments took it seriously and indeed saw the document as a measure of how sensitive the FEDC was to their particular strengths in that region. They saw the Perspectives document as a priority-setting exercise which would have implications for funding later when it came to formulating the ERDAs. One department described their shock at the virtual absence of any mention of their departmental activities, potential or otherwise, in the Perspectives document for one province, even though their officials had discussed various possibilities with the FEDC staff. The line officials in question then began lobbying the FEDC office and MSERD, to the point of having their minister write to the minister of MSERD, to emphasize the economic development opportunities that the Perspectives document had failed to capture. In short, the matter of regional sensitivity was a two-way street.

The ERDAs, following the first Perspectives exercise and negotiations with the provinces in conjunction with the second round of Perspectives, made the FEDCS important centres of influence, at least in certain provinces and with certain departments. The ERDAs involved new funds above and beyond a department's "A" base that could be spent by line departments on regional economic development projects. The amount allocated to each province and then divided up between departments was based roughly on the basic DREE allocations during the final years of the GDAs. For some provinces this was a large amount of money, for others much less so. These amounts were purely notional and nowhere officially acknowledged. In theory the money was to be spent on the most promising regional development opportunities no matter where they were located;

in practice everyone knew of the existence of these notional amounts. Unfortunately, no precise figures were available and estimates ranged widely, although most people, including provincial officials, had a very rough idea of what the amounts should be — for Quebec it was approximately \$100 million dollars for the year 1984–85. Since no clear figures were available, the line departments lacked targets for developing suitable economic development proposals for each province, which meant that a department proposing to do something for \$60 million in province X might later be told by MSERD that they should really be aiming for only \$20 million. This meant that departments had to go through a number of stages before finding the range that was acceptable to MSERD. Needless to say, this resulted in considerable frustration, which did improve MSERD's standing among line departments.

Thus MSERD and the line departments eyed each other rather warily. The FEDCs and the MSERD operations branch clearly understood the fiscal pressures being faced by many of the line departments and feared that the departments would simply try to unload some of their lower priority items onto the ERDA system without really doing anything new or in keeping with the spirit of regional development. Also, MSERD officials were suspicious of the way the line departments had costed some of their proposals. There was sometimes a distinct feeling that some line departments were pricing their program delivery services at about twice the cost that DREE had been able to obtain for a roughly comparable program under the GDAs.

To be sure, the line departments did face and occasionally succumbed to these sorts of temptations, but they were also faced with pressure to contribute to federal government "visibility." Their programs had not only to be delivered directly but also to be visible to politically relevant constituencies. Unfortunately, aside from the problems of federal-provincial jurisdiction, the strengths of many of the resource departments have been in research and development and indirect support services, programs which are very important but not very visible. Thus, these departments had to try to work these considerations of visibility and direct delivery into their proposals.

The departments which had had direct experience with DREE were the first to develop proposals and establish contact with provincial departments. Problems arose with departments which had had little involvement with DREE and wanted to become involved, or which the FEDCs felt should become involved in an ERDA. These problems mainly related to the process of familiarizing these departments with the procedures and techniques involved in negotiating with a provincial government.

During the course of the ERDA process, drawbacks became apparent as well in the structure and organization of the different line departments in relation to this process. In the case of Environment, the five regional coordinators were seen to be helpful and cooperative, at least by the FEDCs

whose provinces happened to coincide with the one in which the Environment coordinator was stationed. In the other provinces the FEDCs found that these people were simply too distant to be of much help. Furthermore, in the eyes of some FEDCs, the fact that these regional coordinators could only coordinate and recommend meant that they were not able to make any kind of commitment as to programs or changes in programs. A similar problem arose with Agriculture. Its regional directors of policy were more numerous — one in each province — which meant closer interaction with the FEDCs; but at the same time their role was again primarily a coordinating one, lacking any kind of line authority over operations in their province. Furthermore they lacked seniority. Even in smaller provinces, there might be five or six individuals above the director of regional policy in status and seniority. As well, Agriculture, a large and longstanding department, has within it numerous fiefdoms, frequently represented in the regions, which were able to rebuff efforts at coordination by the regional directors and the FEDCs.

One of the more flexible departments with which the FEDCs had dealings was Employment and Immigration. The regional directors-general were often cooperative in dealing with specific problems and adjusting programs. More important, they had the authority to make decisions. In other words, they were in a position to make promises and make good on them. At the same time, Employment and Immigration was generally lacking in policy capability. Another department which proved to be reasonably cooperative and flexible, according to at least three FEDCs, was the Department of Supply and Services (DSS), responsible for most of the federal government's procurement and contracting policies. In 1981, DSS embarked on a decentralization scheme which gave regional offices greater authority and, by implication, greater discretion to purchase goods locally. This increased sensitivity on the part of at least some DSS regional offices did not constitute regional development policy as such, but nonetheless could be used to good effect when mobilized and coordinated within the context of the ERDA development strategy.<sup>45</sup>

Relations between MSERD and the Department of Finance were characterized primarily by their absence. There are no Finance officials in the field as such, which meant that there were no Finance representatives on the regional councils and that FEDCs did not have much contact with Finance in other respects. In the fall of 1983, when the Budget was released, FEDC offices in three provinces organized regional "lockups" for the press on behalf of Finance and arranged for Finance officials to meet with local business leaders, a small-scale project that was considered a success by both MSERD and Finance. This was as far as it went, however. Since responsibilities for federal-provincial relations rested in part with MSERD and specifically with the FEDCs, and since fiscal matters were often an important matter in federal-provincial discussions, one would have expected some liaison between Finance and MSERD in this area. But this

was not the case. One MSERD official complained that Finance made no efforts to keep them informed about meetings between Finance and the provinces, even when economic development was on the agenda. Furthermore, as noted later in the section on the role of regional ministers, in 1984 Finance began playing a more active role in economic development matters and often bypassed both CCERD and MSERD.

The department which proved to be the most intractable was DRIE. One of the rationales for the 1982 reorganization was to provide a clearer delineation between regional policy and industrial policy; there was a sense that DREE and IT&C were overlapping in their activities and that this resulted in conflict at both the ministerial and bureaucratic levels.<sup>46</sup> The 1982 reorganization was supposed to resolve this difficulty by merging the overlapping functions into a single department — DRIE. This involved primarily the regional offices of DREE and IT&C. Thus a high proportion of former DREE field officials ended up working for DRIE. The reorganization did not automatically resolve these problems, however. The main result was the creation of a complex of opposing interests and a great deal of intrigue.

The feud between IT&C and DREE reappeared between DRIE and MSERD, but with additional complications. Many of the DRIE regional offices (called IT&C-DREE offices until December of 1983) came to be dominated by former DREE officials. In several provinces this led to good relations between the DRIE and FEDC officials; in these instances the problems were seen to lie with the DRIE apparatus in Ottawa. In certain provinces, however, it appears that the existence of a strong DREE component in the local DRIE office led to competition and conflict between the FEDC and DRIE. This clearly appeared to be the case in Quebec.

In general the FEDCs expressed frustration in their dealings with DRIE. DRIE had responsibility for tourism subagreements under the ERDAs but apparently DRIE officials paid little attention to, and in some instances studiously ignored, the efforts of FEDCs to link the tourism subagreements under the ERDAs with other concerns. The most important regional program offered by DRIE was and still is the Industrial Regional Development Program (IRDP). The criteria for this incentive program are regionally adjusted on the basis of economic conditions in each of 265 census districts.<sup>47</sup> The district unemployment rate, the per capita income, and so forth, determine a firm's eligibility. This is a relatively passive program in the sense that initiative rests with the applicants and the orientation is somewhat more to existing firms than to new firms. According to the FEDCs the program was highly centralized and slow, with all applications processed in Ottawa. According to media accounts, the problems between DRIE and MSERD at the bureaucratic level were reflected, and to a considerable extent reinforced, by conflict at the ministerial level, particularly between the ministers of DRIE and MSERD.<sup>48</sup> These differences were exacerbated to some extent by Liberal Party leadership aspirations

on the part of CCERD members. In short, if one considers the ability of MSERD to "bend" the programs of DRIE as the crucial litmus test, then it is clear that the experiment failed.

The assessment process, access to cabinet documents and other sorts of "inside Ottawa" information, and their more general role of regional problem solver, allowed the FEDCs to relate to the line departments in a variety of ways. According to many FEDCs, a large number of problems were the result of a breakdown of communications between line officials in the field and top officials in Ottawa, and the FEDCs saw it as their task to approach deputy ministers and assistant deputy ministers in order to resolve these blockages. It should be stressed that these blockages were not necessarily seen as such by middle-range bureaucrats in Ottawa. Furthermore, there really is no satisfactory means of measuring the effectiveness or overall success of the FEDCs in this area. Nevertheless, the FEDCs did spend considerable time in Ottawa visiting senior bureaucrats and discussing what could or should be done by line departments in their province. The higher the level of seniority of the FEDC and the more contacts they had, the greater their chances of getting both access and results. In this respect the FEDC from Alberta, Bruce Rawson, a former senior deputy minister in Ottawa, probably enjoyed the greatest success. The issues or problems taken to Ottawa by the FEDCs were not restricted to economic development issues but included, for example, native rights issues. The Penner report on native self-government led at least one FEDC to write comments and voice a concern to relevant departments in Ottawa. The handling of the medicare issue was another example that elicited the concern of some FEDCs.

Many of the visits by the FEDCs to line officials in Ottawa involved more than resolving particular problems. Also discussed was the possibility of altering or tailoring a national program to fit the needs of their particular provinces. These programs could be under or outside of the ERDA umbrella but, with the energies being devoted to getting the ERDAs off the ground, the emphasis tended to be on programs which could be incorporated into an ERDA with the province. Though generally ERDAs had money behind them which was then used to fund regional programs to be delivered by line departments, some provinces — Alberta, for example — enjoyed relatively little by way of a regional fund. Making virtue out of necessity, the FEDCs in such provinces argued that the lack of money was in a sense a blessing in that it allowed them to tackle the question of getting line departments to use their "A" base to do things in the province they might not do otherwise. This did not necessarily entail redeploying "A" base resources, though that was sometimes implied as well, but tailoring or adjusting existing programs to fit the needs of the province. For example, since Alberta has no significant logging operations, it was suggested that money allocated to the province as part of the national forestry renewal strategy be spent instead on examining ways



of exploiting existing hardwood stands. FEDCs with sizable regional funds were generally reluctant to suggest that they would rather be without the money, although one FEDC with a moderate fund felt that it was a major distraction, drawing attention away from the question of how existing line department programs could be used to create suitable subagreements, or simply how greater coordination could be achieved among field personnel of the different line departments.

One of the mechanisms used to achieve this so-called tailoring effect was the memorandum of understanding. The department, instead of signing a subagreement with a province obliging them to spend a fixed amount of money on specific projects, would reach a written understanding with the province either to conclude a subagreement by a certain date or to examine areas of mutual interest which could lead to cooperation at some future date in those areas. The latter kind of memorandum in particular would entail no additional expenditures but could potentially lead to the readjustment of federal policies within that province.

Of course beyond tailoring and memoranda of understanding was the question of redeploying the "A" base or, more colloquially, "getting into the 'A' base." In its more extreme form this meant creating new programs and shutting down old ones within a specific sectoral envelope in order to meet the needs of a particular province. The prospect of this struck genuine fear in the hearts of line department officials. One reasonably senior official in a branch of a large line department in Ottawa noted that he had a person looking after the ERDA process full-time "to protect our 'A' base," stressing the havoc that would result should the FEDCs gain a foothold within his department's budgetary process.

Fears that the FEDCs would succeed in influencing a department's basic budgetary allocations were not strongly founded, however. At no point were any of the FEDCs able to mount any kind of review of departmental "A" base expenditures within their provinces. They simply did not have the time or resources, and even with additional resources it was doubtful that they would have done much more in this area. Some FEDCs had more or less relegated this topic to the realm of wishful thinking, others were not even sure that it was a good idea, and at least one was convinced that it was a bad idea. He believed that the integrity of national programs would be seriously undermined if these "regional windows" into the "A" base were introduced. Regional considerations could too easily become paramount, as provincial governments, ministers and MPs would be able to assess quickly how much or how little the federal government was spending in that province.

If anyone had been in the position to do an "A" base review with the view to breaking down "A" base expenditures by region, it would have been the operations branch in MSERD. And in fact the latter did give some thought to conducting such a review. For a variety of reasons, possibly including the ones cited above, such an exercise was never undertaken.



In any event it would have been extremely difficult, given the understandable reluctance of line departments to cooperate. Operations branch did, however, engage in the practice of "X-budgeting," which in some ways could be seen as a precursor to a more thorough "A" base review and which also illustrated the difficulties of dealing with line departments. X-budgeting is a review of line department budgets during the course of the financial year with a view to identifying programs to be cut in order to provide additional monies for the policy reserve. Years earlier, when this type of exercise was first undertaken by Treasury Board, line departments reacted to requests for cuts by proffering their "musical rides" — that is, by proposing cutting highly visible and popular programs whose elimination would have been politically unacceptable to the ministers and the cabinet. This would serve to protect the department from further predatory attacks by central agencies. Over time, operations branch personnel became more sophisticated and began selecting items on their own as candidates for cuts, a strategy which yielded much better results.<sup>49</sup> The X-budgeting process, however, underscored the difficulties that would be encountered in any kind of "A" base review of line department expenditures aimed at freeing up resources for regional development purposes.

In summary, line departments on the whole were reasonably happy to do program tailoring or provide new programs for regional development, as long as the money was made available. An additional incentive was that in the long run these programs would become part of their "A" base, although it should be stressed that most departments kept the regional fund monies separate from the "A" base in their accounting procedures, whatever their actual or stated hopes for the future. As well, a number of departments were well prepared for changes in the organization of the regional development portfolio, and some, such as Agriculture, Forestry and Minerals, claimed that they were taking reasonably seriously the edict which came down in 1982 to review and strengthen the regional dimensions of their operations. As noted earlier, Agriculture had already instituted the role of regional coordinators in 1981.

There were also a number of instances where line departments significantly skewed their spending toward a particular region, ostensibly for regional development purposes. However, this skewing was not initiated within the line departments themselves, nor really within MSERD. It had to do more with the role of ministers and their ties and obligations to specific regions, a topic examined in the next section.

## **MSERD, CCERD and the Role of Regional Ministers**

Ultimately, decisions concerning the ERDAs and proposals from line departments were made by CCERD. The paper flow generated by the MSERD apparatus had as its main purpose the support of decision making within the cabinet committee. Many of the ministers on CCERD did

not see it that way, however. Generally they felt frustrated by what they viewed as the ponderous way in which proposals were handled by CCERD, second guessing by a variety of civil servants outside their own department, control of agendas by the so-called mirror committee of deputy ministers whose ministers sat on CCERD, and the sheer volume of memoranda and Assessment Notes.

These longstanding problems were frequently blamed on the individual thought to be the architect of the system — Michael Pitfield, the Clerk of the Privy Council. The ministers saw his hand in the 1982 reorganization and viewed the creation of MSERD as a further blurring of responsibility and slowing-down of the decision-making process. One MSERD official stated that "the cabinet committee basically thought that the whole reorganization was a crock." Although ministers liked the idea of direct delivery and the cabinet wholeheartedly supported the idea of being much tougher with the provinces, these elements stemmed from direct political concerns which were quite separate from the issue of enhancing the role of central agencies.

With respect to the role of the FEDCs, ministers were decidedly wary at the outset. Line ministers, backed by their deputies, did not want to see the FEDCs meddling in their operations. Ministers saw in the FEDC someone with special capacity to interfere with the distribution of valued goods and services to provincial constituencies. Lloyd Axworthy, for example, was reportedly quite unhappy to hear of plans to put a FEDC office in Manitoba.

The actual experience of dealing with the MSERD system confirmed many of the initial expectations the ministers had. But at the same time there were some unanticipated consequences of the reorganization which were not entirely negative. Ministers now had an opportunity to increase their influence over government spending in their region. They found, for instance, that they could use the ERDA system and to some extent the FEDC office to their advantage, since the FEDCs were instructed to consult with regional ministers on a number of matters, including the development of an ERDA package. Contrary to some fears, the FEDCs and regional ministers got along quite well, sometimes even too well in the eyes of others. This particular unfolding of the organizational design was reinforced by a new development in Canadian politics — the attempted use of the administrative state as a substitute for the traditional political party in cultivating political support and building political power. This development is discussed later in the section.

To understand this development, it is necessary to review the manner in which the ERDAs were constructed and presented to cabinet. Each FEDC had primary responsibility for initiating the process and shepherding it along, getting line departments to negotiate with the provinces and submit proposals to MSERD, setting priorities, deciding on initial allocations between departments, and then presenting the package to CCERD for

approval. The actual presentation of the package to CCERD, however, was made neither by the FEDC nor MSERD. Like all proposals to CCERD, it had to be made by a minister, and in this case there were two ministers involved, Donald Johnston as minister of MSERD and chairman of CCERD, and the regional minister of the province in question. Even if the regional minister was not a member of CCERD, he or she would still be invited to attend the ERDA presentation, and not merely as a formality; in fact this represented the culmination of the minister's continual involvement in the ERDA process almost from the beginning.

The regional minister's active involvement, though not formally built into the 1982 reorganization, can be seen as the natural outcome of a number of forces operating in the early 1980s. First, there was the wish of cabinet to have more direct dealings with citizens and groups and more of a direct say in how federal money should be spent, particularly in the regions. Secondly, as noted earlier, regional ministers had resented the role of DREE and their inability to have much say over the allocation of DREE funds. Both sentiments were in a sense rooted in fairly well-established traditions concerning the need of ministers for access to patronage in order to placate or enhance regional constituencies. In the early 1980s, however, it seemed opportune to reaffirm these traditions. It was only natural then that the regional fund became a source of new money to which ministers could have reasonable access for patronage and political development purposes.

Most of the FEDCs ensured that the minister for their province was consulted on development of the ERDA and, further, that the minister's priorities were respected as far as possible. As well, the FEDCs often tried to maintain a proper arms-length relationship. In many instances, however, the relationship may have been closer than they wished, sometimes involving direct and frequent contact. It soon became standard practice that once the overall notional amount of regional fund money for each province was established, the regional minister would review the initial proposals from each of the departments and decide on the basic allocation between sectors — agriculture, minerals, tourism, and so on. There was still some room afterwards for negotiation between the line department, the FEDC and the regional minister concerning actual program content, but beyond the broad outlines of a proposed subagreement, specific control over how the money would be spent was vested with the line department. This was generally deemed satisfactory to both the regional minister and the line minister and his officials. The FEDC tried to ensure a modicum of economic rationality, efficiency and clarity in all project proposals. In one instance an FEDC described how one department put together a proposed subagreement "with all sorts of cute wrinkles" which were intended to attract the attention of the regional minister but which made no sense economically. Fortunately, the regional minister in question was able to see through the scheme and rejected it out of hand.

In provinces where there was only one minister or where the hierarchy among ministers was clear,<sup>50</sup> the compromise between economic rationality on the one hand and the political needs of the regional ministers on the other was not too difficult for the FEDC to arrange. The key was to ensure that there were politically attractive yet sensible projects available in the different sectors.

In many respects, the fact that a strong regional minister could influence the disposition of federal funds in his or her province is not surprising. The point to be stressed, however, is that in the ERDA system even weak regional ministers were able to determine the basic allocation of ERDA money. Furthermore, this was made possible with the assistance of the FEDCs, which led to fears and charges in some quarters within and outside of MSERD that the FEDCs had been captured by the regional ministers and that FEDC offices were becoming the administrative support staff for these ministers.

This was not really the case, at least not for all FEDCs. At the same time, some interesting relationships and coalitions did develop. In Quebec the FEDC and the Quebec minister were regarded as quite close. In Manitoba, where Lloyd Axworthy had initially resisted the introduction of an FEDC, a consensus quickly developed on what should be done and this consensus included not only the minister and the FEDC but also the provincial government. Manitoba was also the first province to sign an ERDA with Ottawa. The Manitoba example is important for a further reason. Axworthy, through his influence in the ERDA process and in his role as Minister of Transport, was able to effect a major transfer of funds to Manitoba and to have a major say on how those funds were to be spent. For example, an additional \$100 million over the amount allocated to Manitoba under the regional fund, was made available for the rail line to the port of Churchill.

The Axworthy phenomenon suggests that there may be a further transformation or at least refinement in the role and influence of ministers generally and not just that of regional ministers. Axworthy, through the adroit use of his exempt staff and other departmental personnel under his direct control,<sup>51</sup> managed to penetrate the various nooks and crannies of his department, uncovering problems and opportunities and using this knowledge to request his officials to make changes in various programs. He used this technique not only to redeploy "A" base resources for use in Manitoba but also to introduce his highly publicized "deregulation" scheme for domestic air transport. In the case of Manitoba it is clear that he used the combined resources of MSERD and Transport to build and consolidate his support within the province. As far as we can tell, the Liberal Party as such in Manitoba played only a minor role in this. Apparently some of the proposals that have been made in past years for strengthening and institutionalizing the role of regional ministers<sup>52</sup> have

in certain respects become a reality, achieved without any formal moves to this effect having been made.

The significance of Axworthy's achievement lies both in what this says about present-day conceptions of the role of regional ministers and in the influence he was able to exercise over a rather rigid, sectorally oriented department. It strikes us that the phenomenon of the regional minister has never really receded, although the role of political parties may have, but rather that the minister had a somewhat lower profile during the Trudeau years. In our opinion, the influence of regional ministers has grown over the past three years, not just in the ERDA process but in other areas as well. Axworthy is merely an extreme case in a general trend. More and more often regional ministers, rather than the sectoral minister, appear to be making announcements concerning decisions or plans of sectoral departments operating in their province. Over time this may mean, at a minimum, that the profile of sectoral departments may be somewhat eroded.

On a different level and in a rather different way, public servants at lower levels have also experienced greater contact with elected officials. In recent years, some of the FEDCs and certain line department personnel have met with regional caucuses of the government party to explain government policies in the region and to answer questions. The Alberta FEDC has also met with the federal PC caucus in that province and had some contact with MLAs of the incumbent provincial government. These developments should not necessarily be seen in a negative light. Line officials from one resource department noted that contact with regional caucuses was a new experience for them and that they tried to be as careful as possible, restricting themselves to technical explanations. Requests for such meetings had to come through the minister's office, and they noted that they would be happy to comply with requests from opposition caucuses but had not yet received any. For these officials the experience was useful. They were able to lay to rest some misconceptions held by MPs, while the MPs in turn "asked some interesting questions." It strikes us that these developments represent a change in the role of public officials which is not altogether unhealthy. Indeed, it is something that might be encouraged in a careful, non-partisan fashion, particularly in light of increasing demands for more open government.

At higher levels, however, the politicization of the executive-administrative system does not mesh well with the policy and expenditures management system (PEMS), although the logic of the system has never really meshed very well with the political needs of government. For example, the five-year planning cycle has no necessary relationship to, and can be at odds with, the electoral cycle. As a consequence the bureaucratic rules governing CCERD decision making and the handling of the ERDAs had become rather shaky by early summer 1983, with many of the rules being overlooked and at times openly flouted by senior ministers. A

number of times, senior ministers and occasionally even provincial ministers were able to strike deals directly with the Minister of Finance on matters such as ERDA subagreements, effectively bypassing CCERD. This development also pointed to the resurrection of Finance during the 1983-84 period as a major actor in decision making affecting economic development issues.

For many ministers, incidents of this sort merely confirmed that the PEMS/MSERD process was unworkable and the best way to get things done was by short-circuiting the system, preferably with the blessing and support of the prime minister and the Minister of Finance. This state of affairs should not be attributed entirely to politicization as such but also to the failure of the bureaucratic process, which forced ministers as well as officials to bypass the system in order to achieve the things they thought important.

### **MSERD, ERDAs and Federal-Provincial Relations**

One of the major responsibilities of the Ministry of State for Economic and Regional Development was the federal-provincial relations dimension of regional development policy. The primary instrument in this respect was the Economic and Regional Development Agreement to be negotiated with each of the provinces. As noted before, the ERDAs are the successors to the General Development Agreements which were negotiated in the 1970s and which for the most part expired in 1984. Much of the energy expended by the FEDCs during 1982-84 was aimed at getting the ERDAs off the ground. In addition to dealing with various line departments, the FEDCs also faced the daunting task of dealing with the provincial governments.<sup>53</sup> In 1982, in light of what some have labelled federal-provincial warfare over issues like the Constitution, energy, and fiscal transfers, and provincial unhappiness over the demise of DREE, it appeared that this task would be one of the more difficult ones. Nevertheless, by June 1984 ERDAs had been signed with six of the provinces, including Newfoundland. At least three FEDCs felt that the part of the negotiations involving the federal line departments was the most difficult; the negotiations with the provincial governments themselves in many respects went quite smoothly.

An important question, therefore, is why the six provinces signed the agreements, particularly as the ERDA approach entailed an emphasis on direct delivery and visibility for the federal government, in contrast to the previous emphasis under the GDAs on cost-shared programs delivered by the provinces. A second question, or rather set of questions, concerns the quality of the ERDAs themselves; that is, to what extent they represented an improvement over the GDAs and to what extent they met the objectives set for them by the architects of the 1982 reorganization. But before dealing with these questions, it might be wise to look first at the mechanics of the ERDA and the ERDA process and how these differ from the GDAs.

Under the GDAs, once the GDA umbrella was in place and the basic objectives outlined, provinces in conjunction with DREE officials in the field would put forward initiatives to be evaluated and, with any luck, approved by DREE and Treasury Board in Ottawa. Provincial line departments were responsible for the implementation of many though not all GDA programs, under the supervision of a joint federal-provincial management committee. Under the ERDA approach the federal line departments assumed direct responsibility for negotiating subsidiary agreements with the provinces, and the FEDC played a coordinating role, with responsibility for the overall umbrella. This had not been the case under the GDAs, where DREE officials had primary responsibility for subsidiary agreements as well as the umbrella agreement. Thus, the basic ERDA umbrella and many of the subsidiary agreements and memoranda of understanding were often negotiated simultaneously.

The process began with MSERD asking line departments to put forward regional development proposals, to be funded out of the regional fund. The line departments would begin working on their proposals, which in many instances represented a continuation of a program carried out under DREE. The difference, however, was the strong preference by the federal government for direct delivery as well as coordination, where possible, with provincial line departments — referred to as “parallel delivery.” This meant that in some instances federal line departments might well assume direct responsibility for programs previously handled by the provinces, as well as being involved in more contact and interaction with provincial officials. Provincial line departments in turn developed their own proposals which were supposed to dovetail with the proposed federal development projects where possible but for which they would be entirely responsible, financially and otherwise.

For example, the minerals division of Energy, Mines and Resources would begin negotiating with line officials in the province. Once some kind of initial understanding had been reached, officials on both sides would approach their respective central agencies — MSERD (via the FEDC) in the case of federal line departments, and an agency like the Department of Development in the case of Nova Scotia line departments. Both line departments would lobby their central agencies for their particular projects. When the two governments had established their priorities among the different line departments, the federal and provincial line departments would begin more detailed negotiations. Again, as described earlier, the FEDC would be mainly responsible for developing and proposing priorities, after appropriate consultation and negotiation with the regional minister and MSERD in Ottawa. Once the province found these priorities acceptable, the ERDA as packaged by the FEDC would be ready for approval by CCERD. After approval, the agreement would then be formally signed by Donald Johnston, the Minister of State for Economic and Regional Development, or his designate, generally the regional minister, and by the provincial



premier or one of his ministers. Even when Johnston was the signing federal minister, he would be accompanied at the ceremony by the regional minister.

Although individual provincial governments reacted differently to the ERDA process, there were some common concerns. First, they generally resented the direct delivery and visibility features — aspects of federal policy that had already become evident during the latter stages of DREE.<sup>54</sup> Although the provinces claimed that they were quite happy to give the federal government as much visibility as they wanted by putting up signs and announcing projects, they were unhappy about federal reluctance to continue the arrangements developed under the DREE-GDA approach. Because provincial governments had been responsible for program implementation under the GDAs, many of them, particularly those in the Atlantic region, had built up considerable expertise and administrative support under DREE cost-sharing arrangements. A number of federal line officials reported that their provincial counterparts were therefore unhappy with the federal reluctance, although in a sense they were not that surprised, given the state of federal-provincial relations at the ministerial level. At the same time, the possibility of jointly funded projects was not automatically ruled out. In Manitoba, for example, ERDA money was devoted to redevelopment of the Winnipeg urban core (a project actually begun under the previous GDA), using the mechanism of a Crown corporation jointly owned by the federal and provincial governments. Many of the ERDAs also made provision for jointly funded planning studies (i.e., contract studies frequently let to local firms), often on a 50-50 basis and with the province exercising a fair bit of leverage. But generally in areas like forestry, minerals, and agriculture the preference of the federal government was for either direct or parallel delivery.

Under the ERDA approach, as with the GDAs, negotiations with the provinces were bilateral, with each ERDA tailored to fit the needs of the province. Although each federal department might have had a general strategy for what it wanted to accomplish with the ERDA funds, and although MSERD and line departments wanted to ensure that there were no obvious-conflicts such as beggar-thy-neighbour type policies, projects funded could vary considerably from province to province. The FEDCs, of course, were the federal agents most concerned with ensuring that federal proposals were specifically designed to fit the unique needs and problems of their respective provinces.

Although the negotiations were conducted on a bilateral basis, each province still had a reasonably good idea of what was being offered to the other provinces and under what conditions. Provincial officials tended to keep in close touch with each other by phone and, during 1983-84, through the committee organizing the August premiers conference, which had economic development as one of the items on the agenda. The signature of the Manitoba ERDA gave the other provinces additional



insight into the possibilities. The approaches of the provincial governments toward ERDAs were somewhat paradoxical, although understandable — they wanted what was in other ERDAs, but at the same time they wanted to include more and different items in order to meet what they felt were the unique features of their own province. In this respect their wishes were not all that different from the federal government's. It is important to note that the information the provincial governments had about the state of ERDA negotiations elsewhere, while good, was far from perfect. Each province usually had some special features or understandings with the federal government which it wished to safeguard or at least not have advertised too widely. To some extent this attitude helped the federal government in pursuing its goal of signing agreements with all provinces.

The question remains, however, why the six provinces acquiesced in signing ERDAs. In the case of Quebec, the provincial government rejected the ERDA, saying that if the federal government was going to go ahead and spend the money through direct delivery, why should the province need to sign an agreement to that effect, since this action could only serve to legitimize federal intrusions into areas potentially under provincial jurisdiction. There are reasons why the other provinces have not taken the same line, although British Columbia appears to be following Quebec's lead.

The federal government did proceed unilaterally and announce federally funded projects for Quebec, using the regional fund money. Given the battle still being waged between Ottawa and Quebec for the hearts and minds of Quebec citizens, there was little doubt that Ottawa would spend the ERDA money somehow and somewhere in Quebec. It was also clear that Quebec would resist any effort by the federal government to gain that province's approval for federal control over economic development expenditures. However, this was not necessarily the case for the other provinces — or at least there was the sense that the federal government was willing to withhold spending of the regional fund until an ERDA was signed. It certainly appears that the federal government did not proceed unilaterally in Alberta, British Columbia and Ontario, where ERDAs were not yet in place. Thus one of the more powerful reasons for a provincial government to sign an ERDA was simply to ensure that the money would be spent in its province. At the same time, both sides were aware that the public was tired of federal-provincial bickering, wishing instead to get the economy moving again. Finally, it is important to stress that all six ERDA provinces fall into the "have-not" category. Even if the money would not flow through provincial coffers, it would still by and large be spent in the province, and projects such as those furthering mineral exploration and reforestation represented genuine economic development activities.

Beyond this, a number of the provincial governments were able to unload some of their specific responsibilities through subsidiary agreements, provincial jurisdiction notwithstanding. Provinces were often quite willing to let the federal government proceed, particularly where the

technical feasibility or the economic rationale of a project was uncertain. Coincidentally, these kinds of projects also tended to be attractive to regional ministers. The shifting of responsibilities could also occur in a more subtle fashion at a lower level. Some federal line department officials referred to provincial governments "off-loading their 'A' base." Since GDA monies had been used to build up provincial economic development departments, it had become very difficult over time to disentangle GDA money from provincial money. Thus, a province could simply claim that without the GDA money it would no longer be able to perform certain activities and henceforth those activities would be the responsibility of the federal government under the rubric of direct delivery. The possibility existed, of course, that the province was simply lumping part of its own "A" base responsibilities into the GDA category, thereby leaving it free to fire staff or to redeploy these staff in other areas. The extent to which this actually occurred is very difficult to determine, since federal government officials had no hard figures to back up their suspicions.

At the same time some provincial officials claimed that the federal government was attempting to press them into commitments, through the parallel delivery mechanism, which they might otherwise not undertake. In one case, provincial officials feared that the federal government might later renege on a specific "paralleling" project, leaving their provincial government in an awkward position. Overall, one could say that concerns were balanced, with both the federal and provincial governments feeling that they were losing in some respects but gaining in others.

In summary, the amount of money involved in the ERDAs was sufficient to persuade virtually all the "have-not" provinces to sign on the dotted line. Only Quebec was willing to stand on principle, but even here this was tempered by the feeling that the federal government would proceed to commit the money anyway, which it did. In the remaining three provinces the failure to sign an ERDA by the summer of 1984 was due mainly to the fact that relatively little money was involved and hence the incentive for the provincial governments to agree was limited. These were also the provinces, coincidentally, which over the years had received relatively little DREE money and as a consequence had much less experience with the GDA system. In the case of Ontario, the two governments were apparently quite close to an agreement, and had it not been for the Liberal leadership convention and the subsequent election campaign, it is likely that an agreement would have been signed by late summer of 1984. In the case of Alberta, progress had been made in a number of areas but there was no overall agreement. British Columbia is clearly a case where failure to reach an agreement can be attributed in good part to provincial intransigence.<sup>55</sup>

On the whole, the general effects of MSERD and the 1982 reorganization of federal-provincial relations can best be described as confusion and unhappiness. Confusion stemmed mainly from the puzzle of who was in

charge. The FEDC? Line department officials? MSERD in Ottawa? This confusion was not surprising, given the problems of defining the new roles for MSERD, the FEDC, DRIE and so on. Unhappiness was felt by some of the provincial central agencies responsible for intergovernmental relations and/or economic development. These agencies saw the emphasis on direct dealings between provincial and federal line officials as potentially subversive. Provincial central agency staff did not appreciate being bypassed by their own line departments. Furthermore, provincial governments have always been keen to keep tabs on all federal dollars flowing into their province and more generally on all federal government activities within their jurisdiction. Under direct delivery especially, this monitoring activity became much more difficult. Over time, provincial governments did develop mechanisms to deal with the new process. For example, in Ontario the Treasury Branch made sure that one of their officials was always present at meetings between their line departments and federal officials.

In the smaller provinces the new federal approach put considerable strain on administrative resources. In these provinces the line departments did not have the expertise to conduct intergovernmental negotiations. These provincial governments preferred to have negotiations handled by a single agency based in the premier's office or in the Department of Finance. Furthermore, in several provinces, both large and small, there was some concern over the federal government's tendency to decentralize and/or fragment authority for programs not just in broad areas like regional development but also in specific areas like trade and export development. As one provincial official put it: "When it becomes the responsibility of several departments it often means in practice that no one is responsible. Particularly in an area like trade promotion it is important for us to know who is in charge."

At the same time, the changed federal approach coincided with a general trend toward the diminution of the influence of provincial intergovernmental affairs offices, a process which was largely due to the removal of the constitutional negotiations as a major item from the federal-provincial relations agenda.<sup>56</sup> This appears to have been the case in Ontario and Quebec, and to a lesser extent in the other provinces with the possible exception of Alberta. Although some of the intergovernmental functions were re-assigned to other central agencies, such as the Treasury Branch in Ontario, it does seem that, overall, provincial line departments have gained somewhat greater freedom in dealing with Ottawa on various matters.

In Saskatchewan and Manitoba, where there were newly installed provincial governments, the FEDCs found they were reasonably well received by provincial officials. Particularly in Saskatchewan, federal proposals and initiatives tended to fill a policy vacuum created by the departure of several senior provincial civil servants. In both these provinces and in others, the FEDCs were natives or long-time residents of the provinces in

which they were stationed. One had worked for the provincial government earlier in his career. Their contacts with provincial government officials were often valuable. The Manitoba FEDC was perhaps the most successful in establishing good relations with the provincial government. The fact that she had been director-general of DREE in Manitoba for several years no doubt contributed to her success.

In terms of improving the links between federal and provincial governments, the FEDCs in the peripheral provinces and particularly in the Atlantic region probably had somewhat greater success than their counterparts in Ontario and Quebec. In many respects this was simply a function of size and resources. In Toronto there were distinct limits on what a single FEDC with fewer than half a dozen professional staff members could be expected to accomplish. Given the size of the Ontario government and the proximity of Ottawa, it is not surprising that the Ontario FEDC had limited impact on federal-provincial relations. In Quebec, ideological factors played an important role. There is no doubt that due to mutual suspicions and distrust, the FEDC office in Montreal came to be seen as an instrument of the federal government, and specifically of the regional minister for Quebec, Marc Lalonde, in doing battle with the PQ government. The British Columbia and Alberta governments preferred to continue dealing directly with federal officials in Ottawa and attempted to ignore the FEDCs in their province as much as possible. At the same time the FEDCs in these two provinces developed informal links with the provincial governments, working through provincial officials or the private sector. They were also able to supply good information and analyses of matters occurring in their province, which on more than one occasion helped the federal government steer clear of dangerous shoals.

To turn briefly to an assessment of the ERDAs, a wide range of federal and provincial officials and ministers appeared to be reasonably satisfied with the results of the ERDA process. Regional ministers enjoyed considerable influence over the disposition of regional fund monies; provincial ministers and officials were at least able to get the federal funds flowing and in some instances to transfer some of their "A" base responsibilities onto the federal government; federal line departments received "new" money on top of their regular "A" base; and many of the FEDCs and people within the projects branch in MSERD gained some satisfaction in getting six of the ERDAs signed while at the same time imparting to them what they felt was a modicum of economic rationality.

If there are any failures associated with the ERDAs, they lie in two areas. First, political expediency tended to dominate the setting of priorities more than under DREE, while in economic terms, there was very little in the ERDAs that was either new or innovative. Many of the officials in MSERD, including those in the projects branch, expressed dissatisfaction with the quality of the policy and programming content of the ERDAs. As regional policy, the value of the ERDAs is very difficult to assess, if only because

evaluation depends so much on one's philosophy of economic development and, more generally, economic federalism. Nonetheless it is clear that, in contrast to the early DREE period, the ERDAs lacked clear policy objectives and certainly any kind of long-term strategy. It is also clear that the various subsidiary agreements under the ERDAs received much less critical scrutiny and evaluation than that formerly provided by DREE officials. ERDA subsidiary agreements were designed with political needs clearly in mind. During the GDA regime, DREE and provincial officials were also in a somewhat better position to insulate themselves from direct political pressures and to take economic considerations more systematically into account.

One of the political needs that was ostensibly to be met by the ERDAs was that of visibility, and this was the second failing in the ERDA process. To be sure, federal line departments now have more money to spend on their activities in the regions, some of which involve projects with more of a public profile. But the overall impact and importance of the ERDAs has been lost on the public. Newspaper reports of successfully signed ERDAs have tended to be buried in the back pages. In large part the lack of impact can be attributed to the very complexity of the machinery that was created in 1982 to deal with regional policy. For example, the unilateral move to proceed with the allocation of ERDA monies in Quebec was described in the *Globe and Mail* as the disbursement of "job creation money." Only *Le Devoir* mentioned that the money was intended for regional development under a program that supplanted the one previously administered by DREE.<sup>57</sup> It is ironic that one of the primary objectives of the reorganization — the enhanced visibility of federal government activities in the eyes of Canadians — was also the one that has come closest to remaining unfulfilled. Notwithstanding the improvement in regional sensitivity through the FEDC and in the regional policy capability of some line departments, the lasting impression of the 1982 reorganization in the minds of the general public, particularly those in the outlying provinces, will be that DREE was abolished and simply replaced with a watered-down and much less responsive entity called DRIE.

## **The 1984 Reorganization**

The reorganization announced on June 30, 1984 by Prime Minister John Turner signalled the end of an era in which the personal management style of Pierre Trudeau had resulted in a decision-making apparatus which was described by his successor as "too elaborate, too complex, too slow and too expensive" and which had "diffused and eroded and blurred" the power of ministers. Although Mr. Turner also stated that the changes announced at that time constituted "a Phase-One Cabinet reorganization only," he gave no indication of what was still to come.

From our perspective, three elements of this reorganization were crucial. First, of course, MSERD went the way of DREE and was eliminated as a portfolio and a ministry. The objective was to give ministers a greater capacity to exercise their departmental responsibilities with less interference from central agencies. Second, the role of ministers in cabinet decision making was to be enhanced, as indicated by the elimination of both the Assessment Notes prepared and signed by officials, and the deputy minister committees which "mirrored" the cabinet committees for policy sectors, such as CCERD. Third, responsibility for regional development policy was once again assigned to a single minister, albeit a minister of state operating under the aegis of the portfolio of Regional Industrial Expansion, with an Office of Regional Development to which the FEDCs were to report.

The demise of MSERD can be attributed mainly of course to the fact that it represented the extreme in central bureaucratic coordination and control upon which the Trudeau organizational system was in large part built. Although the addition of the regional dimension to the economic development functions of MSED may have been the ultimate factor which led to its demise, it is clear that the elimination of MSERD was inevitable given Mr. Turner's attitude toward the system which he inherited from Mr. Trudeau. At the same time, Mr. Turner's views were obviously shared by many ministers, as well as by external observers. The structure which existed prior to the June 1984 reorganization was considered to have had three major shortcomings.

In the first place, the collegial decision-making system of cabinet, with its array of cabinet committees, had been constructed upon an elaborate structure of central agencies which afforded the opportunity for officials in these agencies not only to exercise significant control over the agenda of cabinet and its committees but also to participate in the committee meetings. Many if not all ministers found these arrangements too cumbersome and rigid — in short, too bureaucratic — for political decision making. Weaker ministers, moreover, tended to be intimidated by the presence of senior bureaucrats. This structure, which was meant in part to reassert political control over the line departments and agencies, had the perverse effect of reducing political control. It substituted the central agency bureaucracy, with its even greater command over information and process, for the departmental public service. It was not surprising therefore that ministers much preferred those few occasions when officials were excluded from their meetings and they could make decisions according to their political perceptions of what needed to be done.

Second, this same structure, which was meant to enhance the capacity of the full cabinet to control and coordinate the excessive powers of individual ministers, their line departments and their interdependencies through collegial decision making on policies and expenditures, in effect complicated and slowed down decision making. In so doing, it often frustrated the ambitions of the more powerful ministers and departments, but it is

not at all certain that more effective coordination or more integrated policies were the outcome. Process rather than policy dominated the system. Consequently, less ministerial time could be devoted to the management of portfolios. Moreover, when individual ministers decided to pay greater attention to their portfolios or to their constituency or regional responsibilities, they simply afforded greater opportunities for bureaucrats to participate in the operation of the cabinet committee system. One consequence was that powerful ministers simply sought every opportunity to bypass the formal system and its elaborate processes. Successive reorganizations did little to improve this situation; indeed, they tended to exacerbate it.

Thirdly, and directly related to the question of government organization for regional development policy, the CCERD/MSERD apparatus served primarily to dissipate rather than differentiate responsibility for such policy. Although the role of regional ministers may have been enhanced insofar as the ERDA process was concerned — and the importance of this should not be underestimated — the expected differentiation of responsibility, whereby all ministers and departments would pursue regional development within the context of their individual portfolios, remained largely unrealized when the changes of June 30, 1984 were announced.

To some extent, it could be argued that this lack of success was due to the lack of sufficient time to reorient the system to this end. Given the time required to put ERDAs in place in each province, this argument has some validity. In addition, the experience of the FEDCs over this 30-month period suggests that some success was achieved in sensitizing regional officials of line departments to regional development issues, bringing them more into the regional development policy arena, and making line department headquarters more aware of what could be done to be more responsive to regional interests in national policy in terms of both their organizational and program structures.

It is also clear, however, that neither the Minister of State for Economic and Regional Development nor the full staff complement of MSERD were committed to the regional development mandate of this portfolio. In addition, as Donald Savoie predicted: "There are . . . some important questions on the extent to which central agency officials can play an advocacy role on behalf of either specific initiatives or regions." What happened is that those parts of MSERD which were once MSED continued to perform the traditional central agencies roles of review and evaluation, while the advocacy of regional development was left to those parts of MSERD which assumed this responsibility when MSED became MSERD — namely its projects branch and the FEDCs. Savoie had predicted "that the regional dimension will simply be submerged inside the federal bureaucracy," in which there is "no single minister whose mandate will be to promote in cabinet and in government" regional development policies. This prediction came true.



The changes introduced by Mr. Turner were not overturned by Mr. Mulroney when he announced the structure and ministerial responsibilities of his first cabinet in September 1984. He did, however, do away with the Minister of State for Regional Development portfolio that Mr. Turner had created. Responsibility for regional economic development policy thus became the direct responsibility of the minister and the Department of Regional Industrial Expansion, with the FEDCs as a part of this department's organization. In addition to changes in the cabinet's decision-making processes designed to simplify and streamline the system, it is clear that the Department of Finance has re-established its primacy in the economic policy arena. Finally, the role of regional ministers within this reorganized cabinet system is now less clear.

## **Conclusions: Assessment and Options**

We began this study by noting that at least five criteria should be applied in the assessment of the organizational capacity of the government of Canada to represent and be responsive to regional views and needs in the formulation and implementation of national policy and programs. In the preceding sections we have described and analyzed the forces which have shaped the successive organizational designs of the government of Canada with respect to these and other concerns. In this final chapter we assess these different designs, especially with regard to the most recent experiences.

The organizational capacity of the government of Canada to represent and provide analyses of regional views, needs and opportunities in the design and evaluation of national policies is dependent upon two sets of factors: the organizational structure of the cabinet and the organizational structure of individual ministerial portfolios. Through the creation of the cabinet committee on economic and regional development, there now exists the requirement that the regional dimensions of national economic policy be considered in cabinet decision making. Whether regional interests are adequately represented therein is a function primarily of the political priority given by ministers to the representation of these interests. This is a concern in which no organizational structure can be decisive; only insistent ministers can ensure it.

The second set of factors has to do with the administrative systems which support this decision-making process. The MSERD apparatus was supposed to provide the kind of analyses which ministers would require. As we have seen, however, the regional dimension was not given a high priority within all parts of this organization, although for some important purposes the FEDCs have served to support the requirements of regional ministers. On the other hand, some ministers have made good use of their own officials — both their exempt or political staff and their departmental staff — to provide the advice which they require to respond to regional interests.

Departmental organizations vary in their capacities to perform these functions, however — a point to which we shall return. Moreover, the use which individual ministers make of their own staff depends primarily on the extent to which individual ministers are sensitive and give priority to being well briefed on the regional dimension of policy and programs, rather than simply responding to various political demands emanating from their own or other regions.

Our second criterion is the organizational capacity of the government of Canada to design regional policies and link them to national policies. As the preceding sections make clear, this has been subject to some uncertainty over the past few years. From a strictly organizational perspective, the decentralized character of both DREE and MSERD obviously introduced considerable strengths for the purpose of designing regional policies, and the role of regional ministers in the ERDA process has served to provide the necessary ministerial input. Whether regional policies have been well connected to national policies is another question. From an organizational perspective, it could be argued that the demise of MSERD cannot but diminish the potential for such linkages, although not much of this potential was realized in the two and one-half years of MSERD's existence.

The organizational capacity of the government of Canada to coordinate interdepartmental planning and program implementation within the regions, our third criterion, received special attention in the 1982 reorganization, most notably of course with the establishment of the FEDC offices and the creation of regional councils. In general, our research findings suggest that these developments have had a positive effect on this particular organizational capacity. The evidence is not uniform across all provinces nor has there been a long experience to assess. In the main, nonetheless, these developments appear to have filled a vacuum that needed to be filled. Whether the FEDCs who now operate out of the Department of Regional Industrial Expansion will continue to be as successful or to overcome the difficulties so far experienced is now questionable, however. It seems unlikely that the FEDCs will have the same status, given that they are no longer officials of a central agency. As a consequence senior personnel may be less willing to accept these positions. Finally, it is doubtful whether their mandate to encompass the entire spectrum covered by the economic and regional development policy section will be accepted by other line departments, now that the FEDCs operate out of a line department themselves.

Our fourth criterion is the organizational capacity of the government of Canada to interact with citizens and organized groups in the regions. This capacity has been improved, our research suggests, by virtue of the establishment of FEDC offices, if only because it became clear after 1982 that there were many instances either where FEDCs were able to fill a vacuum in terms of contact between citizens and groups and the federal government, or where the FEDC was able to coordinate the interaction

between private or community organizations and federal government departments and agencies. The fact that some of these initiatives or responses involved relationships which should have been well established long before 1982 suggests that the state of federal government-citizen/group relations leaves something to be desired even though the organizational capacity of the federal government in this regard may have been improved following the 1982 reorganization. Given the examples provided us of what the FEDCs and their officials were able to do in this area, it seems clear that the highly functional or sectoral organization of line departments and agencies leaves many citizens or groups uncertain as to the departments or agencies with which they should interact. This uncertainty increases the likelihood that the concerns of these citizens or groups either will be overlooked or will encompass a number of departmental and agency responsibilities — that is, they may not find a locus of responsibility. It is therefore not surprising that the FEDC offices found a role to play in these respects whether they sought one out or not. Here as well, the changes of 1984, insofar as the FEDCs are concerned, raise doubts about whether they will be able to continue performing these functions, let alone to improve on their record.

Finally, on the basis of our research we conclude that the organizational capacity of the government of Canada to interact with provincial governments within the regions, our fifth criterion, was on balance improved with the establishment of the FEDCs. Some capacity was clearly lost in some regions with the demise of DREE, and in some provinces FEDCs encountered problems in establishing themselves with provincial governments. But the FEDC system did put in place an official who not only had some power to facilitate cooperation among federal line departments and agencies within the regions, but who was also to communicate and coordinate the implementation of government decisions within the regions. In both respects these powers and functions enhanced the capacity of the government to interact effectively with provincial governments. On the other hand, the need to adjust to this new system and the specific objectives of the government's policy meant that the adjustment produced delays at the outset on the part of the federal government generally. Moreover, the government's objectives themselves produced confusion or confrontation in federal-provincial relations. The former situation is to be expected with any significant organizational change. The latter, of course, was primarily a function of the policy and not of organization per se. Whether the advantages introduced by establishment of the FEDCs will remain, however, is not at all certain, for the reasons already noted.

Given this assessment based on our five criteria, however tentative our conclusions must be in light of the very recent organizations of 1982 and 1984, the question is what conclusions can be reached concerning options for organizational designs to meet the requirements of regional responsiveness in government of Canada decision making for national policy.

Our conclusions are threefold. First, the cabinet decision-making process needs to be organized in such a way that ministers, collectively and individually, are advised in part by officials who are specifically responsible for analyzing regional views, needs and opportunities as they relate to national policy. Second, for the purposes of the regional administration and implementation of national policies, decisions and programs, there is need for continued efforts to facilitate coordination at the regional level. Third, responsibility for regional economic development policy must be separate from responsibility for sectoral policy areas.

Our first conclusion is based on our view that although all ministers strive to represent their regions within cabinet, the regional dimension of national policy can easily be reduced to little more than a modern form of political patronage if the decision-making process does not provide ministers with policy advice on regional views, needs and opportunities. No system will eliminate the temptation for ministers to engage in patronage under the guise of being regionally responsive. But, at the least, an effective system should enable them to be aware of the consequences of doing some things and not others. At the same time, the experience of the past two decades and more has shown that a highly centralized support system for cabinet is in itself not able to provide the full spectrum of regional analyses required. What is required, accordingly, is an increased number of officials deployed in the regional offices of line departments and agencies, whose principal or primary responsibilities focus on the provision of regional analyses of departmental and agency policies, programs and activities. The purpose of these analyses is to ensure that advice offered to ministers incorporates understanding of the regional dimensions of cabinet decisions, based on research and intelligence that reflect the experience of those officials who are actually managing the delivery of programs in the regions. In this way, senior regional officials should become more involved in the development of departmental and agency advice to their ministers. This requires that they become more a part of a department's or agency's central management staff rather than simply regional managers with purely line functions, as is the reality in most instances.

This is not to suggest that no departments or agencies have attempted to adopt these approaches. For the most part, nonetheless, there is considerable room for a greater capacity to undertake regional policy analyses in the regions and to integrate regional officials into departmental decision making. In order for these developments to be effective, however, at least two conditions must obtain. First, ministers and deputy ministers must give priority to these developments — not only to their initiation where necessary but also to their continued support in departmental structures and management. Second, greater importance must be attached to regional experience in staffing and especially promotions decisions. Accordingly, greater efforts must be made to rotate officials between central and regional offices. Experience has shown that if departmental

ministers and deputy ministers do not attach priority to the regional dimensions of their policies and programs, then any real progress in this area is unlikely. They will probably simply use whatever separate regional development funds exist to support low priority projects or worse, resort to regional "tailoring" for purely political — that is, partisan — purposes. In neither of these situations is there likely to be any special significance attached to regional input to departmental decision making or to the regional experience of departmental officials.

Our second major conclusion is that for the purposes of the administration and implementation of national policies, decisions and programs, there is need for increased coordination at the regional level. This need arises for at least two reasons. First, it is clear that however strong the legitimate desire to reduce the role played by bureaucrats in political decision making by simplifying the cabinet decision-making process, the administrative management of the federal government remains a complex task that requires a considerable degree of coordination. Second, it is clear from the experience of the past two decades and more, in Canada and elsewhere, that highly centralized efforts at coordination, while necessary for some important purposes, are not very effective in achieving their objectives. Indeed, these efforts often may be perverse in their consequences when too much is attempted at the centre. The obvious implication is that some decentralization of such functions is necessary in order to locate them closer to the point where services are provided and activities are undertaken. In the case of the federal government in Canada, this decentralization means a "regionalization" of such functions since in most cases it is at the regional or local level that the actual management and delivery of programs occur.

The decentralization of MSERD, with its FEDC offices, was undertaken in part with this requirement in mind. The FEDCs, as we have found, have developed some real capacities to facilitate interdepartmental coordination within their regions. In part this was a function of their role as central agency officials within the MSERD/CCERD system. In part, it was because they simply filled an obvious vacuum. However, the FEDCs are no longer officials of a central agency. They may still play an important role in the ERDA process, but whether this role will be sufficient to enable them to maintain, let alone develop, their coordinative functions is very much in question.

In our view it is essential that FEDCs become once again part of the central agency system of the federal government. The functions assigned to the FEDCs are essentially central agency functions, and both organizational theory and the Canadian experience support the argument that these functions are best performed by officials who are independent of line departments and program management. Given the functions of FEDCs, the logical central agency to which they should be attached is the Federal-Provincial Relations Office (FPRO), since the ERDA system is a federal-provincial system and constitutes the organizational framework within

which regional economic development policies are developed. Although CCERD is now supported by officials in the PCO and the FPRO's functions encompass all aspects of federal-provincial relations, the PCO and FPRO constitute, in effect, an integrated cabinet secretariat. Within this secretariat the general questions of economic development policy on the one hand and federal-provincial relations on the other can be assessed in a coordinated manner as they apply to regional economic development policy. Furthermore, the PCO advises the prime minister on matters of government organization and ministerial mandates, an important consideration given the need to ensure that ministers give priority to the organizational capacities of their departments to be responsive to regional views, needs and opportunities with respect to economic development.

For the purposes of regional economic development policy specifically, our third conclusion is that there is need for a separation of responsibility for regional economic development policy from responsibility for sectoral policies. This conclusion is based on the experience of the last two decades. On the one hand, there is a need to ensure that regional development initiatives are not lost or submerged in the more general focus on the sectoral dimension of national economic development, even if all ministers share a concern for such initiatives. On the other hand, it is inevitable in our type of mixed economy that conflicts between the sectoral and regional dimensions of economic development will arise and will require decisions on the necessary trade-offs to be made. In these instances regional ministers can be expected to become involved, but they will generally do so in ways designed to advance the particular interests of their own regions. Often this does not result in a national perspective with which to protect or advance the cause of regional development policies or programs, because the concerns are either too particular to a single region or too narrowly partisan.

In our view, organizational integration of responsibilities for regional development policy with national industrial policy, as is now the case, will only serve to submerge consideration of the former into the bowels of the bureaucracy. A separate portfolio is required precisely because regional development policy constitutes a separate political priority that is worth preserving and promoting in our federal system. Even if the government of Canada becomes better organized generally so as to be more regionally responsive, it still requires a separate responsibility structure to ensure that the cause of regional development is advanced by a minister and officials whose concerns are not focussed on a particular region or a specific sector. In our federal system "pulling against gravity" is a necessary prerequisite for effective national policy; the ability to do so may be limited but even limited success is worth the effort.

With the assignment of responsibility for regional economic development policy to the Minister of Regional Industrial Expansion in September

1984, our Canadian experience has now encompassed four major modes of portfolio organization. These four modes are as follows:

- A departmental portfolio with primary responsibility for regional economic development policy (the DREE model);
- A minister of state with designated responsibility for such policy (the MSERD model);
- A minister of state to assist a departmental minister in regard to regional economic development policy (the model of Mr. Turner's short-lived government); and
- A departmental portfolio with the additional responsibility for regional economic development policy attached (the current model with the minister of regional industrial expansion responsible for regional economic development policy).

For reasons which we have outlined at some length, the first two modes of portfolio organization have been found to be less than ideal. The third mode, as instituted by Mr. Turner in 1984, could not be said to have been really tested but there is every reason to assume that this approach would have led to the virtual eclipse of regional economic development policy as a priority within the cabinet system. A "junior" minister, like the Minister of State for Regional Development, would probably be able to provide the kind of ministerial leadership that is required if regional economic development policy is to be other than a peripheral concern of the federal government. Finally, the fourth mode, wherein the Minister of Regional Industrial Expansion is also responsible for regional economic development policy, although of very recent origin and thus without an experience to assess, constitutes in one sense a pale imitation of the DREE model. It does so in the sense that a single department, only one among many departments in the CCERD system, is meant to provide the institutional leadership for regional economic development policy. We consider this a totally inadequate organizational design in light of the experience of the past two decades. If progress were to be made, it would have to be in spite of and not because of this arrangement.

At the same time, the fact that the present Minister of Regional Industrial Expansion is chairman of CCERD does mean that, as the minister who is also responsible for regional economic development policy, he is well positioned within the cabinet decision-making system. Were the FEDCS to be located within the Federal-Provincial Relations Office as we have suggested, the separation of this apparatus from the DRIE portfolio would acknowledge the separate and distinct responsibility for regional economic development policy. In this sense the minister in question would have two portfolios, one served by a departmental organization and the other served by the cabinet secretariat, in this case by both the PCO and the FPRO. As chairman of CCERD the minister is already served by the PCO. The loca-



tion of the FEDCs within the FPRO would serve to ensure that regional economic development policy was developed within the same context where such policy must be assessed in light of the government's priorities and departmental proposals. Since regional economic development policy is, by its very nature, "horizontal," that is, encompassing the concerns of several portfolios, it makes most sense to have this policy development function located within that set of structures which is responsible for the coordination and integration of government policy generally.

## ***Glossary***

ADA	Area Development Agency
ADB	Atlantic Development Board
ARDA	Agricultural and Rural Development Agency
BED	Board of Economic Development
CCERD	Cabinet Committee on Economic and Regional Development
CEIC	Canadian Employment and Immigration Commission
DREE	Department of Regional Economic Expansion
DRIE	Department of Regional Industrial Expansion
ERDA	Economic and Regional Development Agreement
FEDC	Federal Economic Development Coordinator
FRED	Fund for Rural Economic Development
FRPO	Federal-Provincial Relations Office
GDA	General Development Agreement
IRD P	Industrial Regional Development Program
MLA	Member of the Legislative Assembly
MSED	Ministry of State for Economic Development
MSERD	Ministry of State for Economic and Regional Development
MSSD	Ministry of State for Social Development
PCO	Privy Council Office
PEMS	Policy and Expenditures Management System
PIP	Petroleum Incentive Program
PMO	Prime Minister's Office

## Notes

This paper was completed in November 1984.

1. *Royal Commission on the Economic Union and Development Prospects for Canada*, "Terms of Reference by the Committee of the Privy Council," November 5, 1982.
2. For an overview of the various policies and the changes in them over the past two and a half decades see N. Harvey Lithwick, "Federal Government Regional Economic Development Policies: An Evaluative Survey," in *Disparities and Interregional Adjustment*, volume 64 of the research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press, 1985). See also Peter Aucoin and Herman Bakvis, "Organizational Differentiation and Integration: The Case of Regional Economic Development Policy in Canada," *Canadian Public Administration* 24(3): 348-71. On the topic of regional disparities and regionalism, see Paul Fox, "Regionalism and Confederation," and Thomas Brewis, "Regional Development in Canada in Historical Perspective," both in *Regional Economic Policy: The Canadian Experience*, edited by N.H. Lithwick (Toronto: McGraw-Hill Ryerson, 1978). Recent evidence on regional disparities is provided by the Economic Council of Canada, *Living Together: A Study of Regional Disparities* (Ottawa: Minister of Supply and Services Canada, 1977). See also O.F.G. Sitwell and N.R.M. Seifried, *The Regional Structure of the Canadian Economy* (Toronto: Methuen, 1984).
3. See Peter Aucoin, "Public Policy Theory and Analysis," in *Public Policy in Canada*, edited by G.B. Doern and Peter Aucoin (Toronto: Macmillan, 1979), pp. 1-27.
4. Approximately 100 individuals were interviewed in the months of February through June 1984 during the course of our study. Interviews were conducted singly or in small groups, and in a number of cases certain individuals were interviewed more than once, in some instances up to five times. The length of interviews was anywhere from 20 minutes to six hours, with a mean duration of approximately one hour. The majority of interviews were conducted with senior and middle rank staff in the Ministry of State for Economic and Regional Development (MSERD), including those based in nine of the ten offices of the Federal Economic Development Coordinators (FEDCs). As well, interviews were conducted with staff in a number of selected federal government line departments and in four provincial governments. All interviewees were told that the interviews were confidential and not for attribution. No tape recording devices were used in order to encourage respondents to be as open and frank as possible. Most of the interviews in Ottawa were conducted by both authors. Interviews outside of Ottawa were for the most part conducted by either one or the other of the authors. The authors are grateful to all those federal and provincial civil servants who gave freely of their time and who shared with us both information and their own ideas and analyses.
5. See W.L. Morton, "The Cabinet of 1867," in *Cabinet Formation and Bicultural Relations*, edited by F.W. Gibson (Ottawa: Studies of the Royal Commission on Bilingualism and Biculturalism, vol. 6, 1970), pp. 1-18.
6. See D.V. Smiley, *Canada in Question: Canadian Federalism in the 1980s* (Toronto: McGraw-Hill Ryerson, 1980), pp. 133-34.
7. J.E. Hodgetts, *The Canadian Public Service: A Physiology of Government 1867-1970* (Toronto: University of Toronto Press, 1973), pp. 44-54.
8. For an overview of developments in the realm of central agencies and mechanisms for coordination see G.B. Doern, "The Cabinet and Central Agencies," and Peter Aucoin, "Portfolio Structures and Policy Coordination," both in *Public Policy in Canada*, edited by G.B. Doern and Peter Aucoin (Toronto: Macmillan, 1979).
9. *Ibid.*
10. See, for example, David E. Smith, *The Regional Decline of a National Party: Liberals on the Prairies* (Toronto: University of Toronto Press, 1981), especially chapter 4.
11. Hodgetts, *The Canadian Public Service*, pp. 58-59, 348-49.
12. *Ibid.*, p. 18.
13. *Ibid.*, p. 20.

14. Ibid., pp. 237-38.
15. Ibid., p. 238.
16. G.B. Doern, "The Development of Policy Organizations in the Executive Arena," in *The Structures of Policy-Making in Canada*, edited by G.B. Doern and Peter Aucoin (Toronto: Macmillan, 1971), p. 45.
17. A.G.S. Careless, *Initiative and Response: The Adaptation of Canadian Federalism to Regional Economic Development* (Montreal: McGill-Queen's University Press, 1977), p. 72.
18. Ibid., p. 114.
19. Donald J. Savoie, *Federal-Provincial Collaboration: The Canada-New Brunswick General Development Agreement* (Montreal: McGill-Queen's University Press, 1981), p. 15.
20. Department of Regional Economic Expansion, *Annual Report, 1970-71* (Ottawa, 1972), cited in R.W. Phidd and G.B. Doern, *The Politics and Management of Canadian Economic Policy* (Toronto: Macmillan, 1978), p. 327.
21. Careless, *Initiative and Response*, pp. 85-89.
22. Phidd and Doern, *The Politics and Management of Canadian Economic Policy*, pp. 328-29; Donald Savoie, "The General Development Agreement Approach and the Bureaucratization of Provincial Governments in the Atlantic Provinces," *Canadian Public Administration* 24 (1), p. 119.
23. Prince Edward Island had already negotiated a 15-year Comprehensive Development Plan with the federal government before the GDA approach was introduced, but the approach was similar and, as in the case of Newfoundland, provided federal funding of up to 90 percent of project costs. Savoie, *Federal-Provincial Collaboration*, pp. 29, 174 (n. 7).
24. Savoie, for example, describes how in one instance a New Brunswick minister was unable to affect the location of an information centre within his own riding, ostensibly, according to Savoie, because it was a DREE funded project. *Federal-Provincial Collaboration*, p. 105.
25. Ibid., p. 86.
26. One official in the Department of Agriculture, interviewed in the course of our study, noted that the second round of subsidiary agreements in the area of agriculture seemed to be much better coordinated, both with the department's own programs and with activities in other provinces.
27. It should be stressed that DREE was responsible to cabinet and subject to parliamentary scrutiny to the same extent as other federal departments and agencies. Indeed, given that some of its programs in the area of industrial incentives (only a small proportion of all the activities funded by DREE) were controversial, DREE was somewhat more likely to be the object of questions in the House or in parliamentary committees.
28. The following points are discussed in much greater detail in Richard French, *How Ottawa Decides* (Toronto: Canadian Institute for Economic Policy, 1980).
29. See G.B. Doern and Richard Phidd, "Economic Management in the Government of Canada: Some Implications of the Board of Economic Development Ministers and the Lambert Report," Paper presented to the Canadian Political Science Association Annual Meeting, May 30, 1979, Saskatoon.
30. Proposed Order-in-Council, Section 18, Ministries and Ministers of State Act, (typescript, Ottawa, Privy Council Office, 1978) quoted in Richard French, *How Ottawa Decides*, pp. 124-25.
31. For an analysis of the policy and expenditure management system as introduced in 1979, see R. Van Loon, "Stop the Music: The Current Policy and Expenditure Management System in Ottawa," *Canadian Public Administration* 24 (2), pp. 179-99.
32. Doern and Phidd, "Economic Management in the Government of Canada."
33. Office of the Prime Minister, Press Release, January 12, 1982.
34. Ibid.
35. Ibid.

36. Ibid.
37. Ibid.
38. Ibid.
39. R.W. Crowley, "A New Power Focus in Ottawa: The Ministry of State for Economic and Regional Development," *Optimum* 13 (2) (1982).
40. Office of the Prime Minister, Press Release, June 30, 1984.
41. The analysis that follows is based mainly on interviews.
42. For an overview of line department organization and operations, see Hodgetts, *The Canadian Public Service*. The discussion of line departments in the 1980s is based primarily on our own assessments.
43. See S.M. Dunn, *The Year in Review: Intergovernmental Relations in Canada* (Kingston: Queen's University, Institute of Intergovernmental Relations, 1982), chap. 3.
44. For example, Environment Canada, *Policy Statement: A Framework for Forest Renewal* (Ottawa: September 2, 1982).
45. A number of the ERDAs did include proposals or understandings that DSS would make greater efforts to purchase goods and services locally.
46. Donald Savoie, "The Toppling of DREE and Prospects for Regional Economic Development," *Canadian Public Policy* 10 (3): 334.
47. This program is outlined in Bill C-165 which was passed by the House of Commons in June 1983. See N.H. Lithwick, "Federal Government Regional Economic Development Policies."
48. See "Johnson (sic) Questions Regional Program," *Halifax Mail Star*, May 23, 1983, p. 45.
49. Treasury Board, of course, also reviews program expenditures, but it does so more from the perspective of whether stated objectives have or will be met as opposed to questioning the value of the program itself.
50. There are important differences between provinces as to the strength of regional ministers and the relations between ministers from the same region. In Quebec, for example, there usually is just one "Quebec Lieutenant" who stands well above the rest in terms of status and authority. In Ontario, the regional minister usually does not exercise a comparable degree of authority over his fellow ministers. See Paul G. Thomas, "The Role of National Party Caucuses," in *Party Government and Regional Representation in Canada*, volume 36 of the research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press, 1985).
51. Lloyd Axworthy used approximately 12 exempt staff plus roughly an additional 80 regular staff within Transport for quasi-political duties (i.e., liaison with constituency organizations, the staff of other ministers, etc.). Some of these regular staff involved in these kinds of duties later became suspect when the new Conservative government came to power in September 1984, some of them losing their jobs. See "Partisan Tag Is Not Fair, Workers Say," *Globe and Mail* October 4, 1984, p. 1, and "As Dust Settles from PC Sweep, Packing Begins," *Globe and Mail*, October 8, 1984, p. 8.
52. An example of a proposal to institutionalize the role of regional ministers made in the early 1970s is given by Donald Gow, "Rebuilding Canada's Bureaucracy," edited with revisions by E.R. Black and M.J. Prince (Kingston: Queen's University, School of Public Administration, 1976).
53. It should be noted that the FEDCs had responsibilities for federal-provincial relations more broadly defined and not just in the area of economic development, particularly after the regional offices of the Federal-Provincial Relations Office were placed in the FEDC offices.
54. A number of subsidiary agreements in areas like forestry, minerals and agriculture under DREE expired in 1981 and 1982 before the ERDA mechanism was firmly in place, which meant that bridging agreements between Ottawa and the affected provinces needed to be struck. It was at this stage that the notion of direct delivery and greater visibility became evident.
55. It was claimed by MSERD officials that the Ontario agreement was ready to be signed in May, until the Liberal leadership race effectively put negotiations on hold. Ontario

- did sign in November of 1984. "Ontario signs pact," *Globe and Mail*, November 3, 1984, p. B16.
56. See Kenneth McRoberts, "Unilateralism, Bilateralism and Multilateralism: Approaches to Canadian Federalism," in *Intergovernmental Relations*, volume 63 of the research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press, 1985).
  57. "Ottawa To Go It Alone on Spending of Quebec Job Funds," *Globe and Mail*, June 5, 1984, p. 3. "A défaut d'entente, Ottawa injecte \$109 millions dans le développement régional," *Le devoir*, June 5, 1984, pp. 1, 8.
  58. Savoie, "The Toppling of DREE," p. 335.

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