Prime Ministerial Leadership, the Public Service and Administrative Reform in Canada: Part 1

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O.P. Dwivedi

Abstract

Doctors Phidd and Dwivedi present a detailed analysis of Prime Ministerial Leadership, the Public Service and Administrative Reform in Canada. The authors describe the history of the public service and administrative reform in Canada. While the role of the respective prime ministers is central to their discussion, they carefully describe legislation and institutional changes which impacted the public service as well. Detail is given concerning the role of the Privy Council, Treasury Board, Civil Service Commission, and other agencies, offices, task forces and commissions. Prime ministerial initiatives are juxtaposed against environmental challenges and government power blocks, suggesting a need to pay greater attention to how public sector organizations are managed. The authors go on to describe how contemporary public administration studies have pointed to the complexities involved in public sector organizations. They further suggest that this requires more analysis of what happens within public sector organizations. They also call for greater study of organizational development and change within the public sector.

The Phidd & Dwivedi article presented in this issue ends in the 1980’s with the administration of Prime Minister Brian Mulroney. Part two will cover “Prime Ministerial Leadership, the Public Service and Administrative Reform in Canada: Public Sector Reforms from the 1980’s to 2000 and Beyond”. Part two will appear in the Summer 2007 issue of this review.

1.0 PRIME MINISTERIAL LEADERSHIP, PUBLIC SERVICE AND ADMINISTRATIVE REFORMS

This paper is concerned with the role of executive leadership in public sector management. It is especially Prime Minister in providing leadership to the political party, the Cabinet and the Public Service. This study is specifically concerned with Public Service and administrative reform. It adopts the position that the relationship between the Prime Minister and the Public Service has not been seriously examined. The roles of the Prime Minister can be understood by distinguishing political, economic and financial management roles which are delegated to specialized organizations.

The arrival of management in government has led to the delegation of authority to a number of highly specialized ministers; for example, the Minister of Finance and the President of the Treasury Board and the President of the Privy Council, among others.

Public sector management requires that functionally specific responsibilities be delegated to other specialized agencies such as the Privy Council Office, the Treasury Board Secretariat and the Public Service Commission. The last mentioned agency is concerned with the application of the merit principle. The creation of the Civil Service Commission represented an attempt to isolate selected issues from politics.

J.H. Knott and G.J. Miller have observed that the characteristics of bureaucracy associated with twentieth century organizations were fundamentally different from those of nineteenth century organizations which were staffed, for the most part, by amateurs who were likely to be thrown out of office at the next election. They further note that the decisions made by amateurs were conditioned by personalities and politics rather than by formal, written rules. They have provided reasons for the emergence of the characteristics identified by the Weberian model of bureaucracy. In a paper presented to the Canadian Political Science Association meetings in 1975, the present authors outlined several of those characteristics and identified some of the then emerging trends in Canada. More recently, O.P. Dwivedi has...
investigated selected contemporary issues in a 1993 paper entitled “Public Service Reforms in Canada For The Twenty-First Century.”

1.1 From Bureaucracy to Management: Managing Change in a Democratic Environment

The growth in democratic systems of government has led to greater public participation in political parties and with increased pressures to control a growing Public Service. Political parties are especially concerned with controlling the Public Service. This has led to the passage of special legislation and to major reorganization of government, as reflected in the rationalization of the central agencies, and in the expansion of the Cabinet Committee System between the 1960s and the 1980s. The expansion in the “administrative state” between 1900 and 1975 had led to significant expansion in the number of public employees. It also led to the creation of a variety of new departments and agencies representing new constituencies in the economic, scientific and social spheres, among others. The Government of Ontario passed several reorganization acts between 1966 and 1982 which significantly changed the structure of government and affected the policy-making process. By way of illustration, there were the following: the Department of Industry Act in 1963; the Department of Manpower and Immigration Act in 1966; the 1968-69 Act which established Industry Trade and Commerce, Regional Economic Expansion, Energy Mines and Resources, among others; Employment and Immigration in 1976; and the Government Reorganization Act in 1983 which affected External Affairs and Regional Industrial Expansion. The 1973 oil shocks introduced major structural problems in the economies of the western industrialized countries. In Canada, it led to major problems in fiscal federalism. As a result, the 1975 federal budget sent signals to the provinces that there would be major reforms in the allocation of resources. In 1977, the federal government passed the Established Programmes Financing Act (EPFA). Between 1975 and 1994 the Government of Canada experienced persistent deficits. This development led to a search for new ways of managing the public sector within a deficit environment. Consequently, by the 1970s, there were serious demands for downsizing the public sector. By the 1990s, this had led to the formation of smaller cabinets and to the consolidation of several departments and agencies within broad functional areas. Given these issues there is a need to carefully examine a variety of contentious issues in public sector management.

The growth in the public sector was accompanied by institutional tensions between political leaders and the Public Service. This issue is a rather complex one especially in democracies because bureaucracy, as an organizational form, had emerged as a source of control over “political machines.” This issue has been extensively addressed by Eva Etzioni-Halevy in Political Manipulation and in Bureaucracy and Democracy. She, among others, has outlined a number of hypotheses concerning the reciprocal needs of the Public Service and political leaders. (She has utilized a functional theory of elites). In order to gain a better perspective on this issue we must go back to the operations of the political system in the previous century.

The creation of the Civil Service Commission in 1908, and its organizational development into the 1960s demonstrates the concern with controlling patronage. At the same time, the necessity to impose political control over the bureaucracy is reflected in the organizational development of selected central agencies, the Treasury Board Secretariat and the Privy Council Office, given their concern with management in government and with political management respectively.

In the Canadian setting these tensions are evident in the works of J.E. Hodgetts and J.R. Mallory, among others. They discuss the development of professionalism in the modern Canadian Public Service through the passage of important pieces of legislation in 1908, 1919, 1961 and 1967, respectively. In effect, they discuss the evolution of industrial relations legislation in the Canadian Public Service. They address issues such as the rights of public servants and the manner in which these rights were gained. We must review the
issues and roles of the Treasury Board of Canada, the Privy Council Office, and the Public Service Commission in personnel management in Canada, especially as they have evolved between the 1960s and the 1990s. The central decision-making systems which evolved between the 1960s and the 1990s were influenced by several royal commissions, task forces and consultants’ reports. Within the framework outlined by J.E. Hodgetts, I. Sharkansky, D. Keeling and others, we can perceive of the political system as one responding to numerous environmental demands between selected historical periods such as the following: 1867-1908; 1908-1919; 1919-1935; 1935-1945; 1945-1962; 1962-1973; 1973-1984; and 1984-1994. Specific organizational and policy changes occurred within each of the periods enumerated. The creation of either specific institutions or the passage of important public personnel legislation should be noted.

The evolution of selected central agencies demonstrates the struggles which have taken place in the development of the modern Canadian Public Service. The developments are also revealed in the passage of selected pieces of Public Service Legislation in 1908, 1918, 1961, 1967 and 1992 respectively. They are also reflected in the reports of several royal commissions and task forces. We must review the analysis of which emerged during the period under review was the rights, responsibilities and obligations of public employees. These issues are usually addressed by political sociologists and by legal scholars. By way of illustration, Reinhard Bendix was concerned particularly with the democratic extension of rights to public employees. More generally, he was concerned with the issues related to citizenship in the political system. Because of concerns with the issue of sovereignty there is always a problem with respect to the manner in which the state deals with its employees. Such issues were extensively debated in the evolution of collective bargaining legislation and in the creation of specialized agencies to deal with the associated problems.

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<tr>
<th>Period / Year</th>
<th>Legislation, Institution and Mandate</th>
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<tbody>
<tr>
<td>1882</td>
<td>Civil Service Act (required examinations by an examining board)</td>
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<tr>
<td>1908</td>
<td>Civil Service Commission under the Civil Service Act</td>
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<tr>
<td>1918</td>
<td>Civil Service Commission mandate altered</td>
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<tr>
<td>1945</td>
<td>Royal Commission on Administrative Classification</td>
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<tr>
<td>1961</td>
<td>Civil Service Act passed and it continued the independence of the CSC, classified the role of the CSC and non-merit areas and it conferred on the staff associations the right to be consulted on matters of remunerations and on conditions of work</td>
</tr>
<tr>
<td>1967</td>
<td>i. The Public Service Staff Relations Act</td>
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<td></td>
<td>ii. The Public Service Employment Act</td>
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<td></td>
<td>iii. The Financial Administration Act</td>
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<tr>
<td>1992</td>
<td>The Public Service Reform Act, 1993</td>
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</tbody>
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Table 1: Selected Legislative and Institutional Changes
Several public administration scholars have pointed to the manner in which senior managers in the public sector are affected by international and domestic environmental factors in formulating public policies. They have suggested that public personnel systems are very complex and that they have been influenced by a worldwide trend toward democratization. Public personnel administration is influenced by a variety of factors, including: the definition and development of the merit system; professional and managerial considerations; staffing philosophy and planning; systems affecting entry and examination; selection and advancement; tenure and turnover; job analysis and work structure; the design of personnel organizations; leadership; staff development and training; work; leave; collective bargaining and unionism and retirement.

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The Glassco Commission represented the first serious attempt to rationalize the overall system of the Government of Canada according to principles of modern management. Accordingly, it attempted to establish distinct and separate functional responsibilities for the Privy Council Office, the Department of Finance and the Treasury Board Secretariat.

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The organization and reorganization of government became a major task for the Prime Minister and Cabinet between the 1960s and the 1990s. It intensified with the appointment and report of the Royal Commission on the Organization of the Government of Canada (Glassco). It is important to note that the Conservative Party was responsible for this investigation into the Public Service. The Glassco Commission represented the first serious attempt to rationalize the overall system of the Government of Canada according to principles of modern management. Accordingly, it attempted to establish distinct and separate functional responsibilities for the Privy Council Office, the Department of Finance and the Treasury Board Secretariat. It also attempted to establish distinct functional responsibilities for departments. The Conservative Party was also responsible for the Nielsen Ministerial Task Force on Program Review and PS 2000: The Renewal of the Public Service of Canada investigations, both of which proposed major reforms in the Public Service. The reform movements which led to the establishment of these commissions and task forces demonstrate the influence of important sectors of society on the operation of government. The various studies also demonstrate the influence of new ideas on the design and operation of government.

Political scientists and public administration scholars must attempt to address the strategies adopted by political parties while in opposition and those employed when they form the government. The role of opposition parties as change agents represent a most interesting dimension to the politics of institutional reform and the politics of bureaucracy which needs to be examined in greater depth. A recent publication by Knott and Miller, using historical insti

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A recent publication by Knott and Miller, using historical institutional analysis, has attempted to throw some light on this subject. Their study suggests that we must distinguish the strategies used by political parties to gain power from those employed while in office. This issue is most important if we are to understand the relationship between political parties and the Public Service. The authors have further noted:

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The reason democratic countries such as the United States had not developed a science of administration was the pervasive intrusion of politics into all areas of government, including the administration of policy. The use of administrative science to implement democratic political objectives thus depends on a careful differentiation, or separation, between politics and administration.
1.2 Scientific Management

Scientific management, education and professionalism characterized principles and norms which revolutionized public administration in the early stages of the 20th century. The endorsement of professional norms, autonomy and systems of accountability in areas such as medicine, education, law, social work, police and the military, depicted a major transformation of democratic societies, and the roles which experts perform in that process. As a result, political parties have had to develop strategies for accommodating expertise in the management of contemporary governments. This requires that we examine the relationship between political parties and the Public Service. By way of illustration, the involvement of the state in the realm of health and welfare was most interesting and may be captured in the following sequence: the creation of the Department of Health in 1918 in response to the war situation; the creation of the Department of Health and Pensions in 1928 in response to the veterans pensions challenge; and the creation of Health and Welfare in 1944 with the addition of family allowances. The Department functioned as a dual one between 1944 and 1976 when it was integrated under a single deputy minister; later in 1992, Prime Minister Kim Campbell created a Department of Human Resources in which the Department of Health and Welfare was integrated. In 1993, Health was separated from Human Resources.

Scholars have used this neo-institutional approach to explain the shift from the study of traditional institutions, behaviourism, rational choice and ultimately to the study of particular institutions. They suggest that a shifting coalition of interests can lead to the choice of specific institutional arrangements. They have used historical data to explain a series of administrative reforms, including the Nixon, Carter and Regan reforms in the United States. The approach has been used to explain the reform of budgeting and personnel management systems.

1.3 Prime Ministerial Initiatives

The above-mentioned approach can be endorsed to explain strategies used by the chief executive to formulate administrative reform. To this end, several prime ministers have attempted to reshape the system of government in Canada:

2. The Trudeau initiatives between the 1960s and the 1980s with respect to the rationalization of the central agencies and the Cabinet Committee System; and
3. The Mulroney initiatives in the 1980s and the 1990s to downsize the Public Service, the creation of the Task Force PS 2000 and the passage of the Public Service Reform Act.

There are a number of new institutional developments which have emerged because of the tensions between political parties and the Public Service; by way of illustration, the Public Service Commission, the Pay Research Board and the Public Service Staff Relations Board were established to deal with special problems associated with industrial relations in the public sector. The institutional relationships have been shaped by several environmental forces which emerged during the 20th century.
March and Olsen and Knott and Miller, among others, have all endorsed neo-institutionalism as a methodological framework for studying administrative reform. They have all pointed to difficulties associated with the study of political science which emanated from the endorsement of behaviouralism. They have argued that it has led to the abandonment of the study of political institutions. They asserted that institutionalism was seen as “legalistic, historical and dry.” The authors under review all emphasize the importance of studying the similarities in administrative reforms across levels of government and within functional areas. They have stressed the importance of studying the relationship between party machines and the professional Public Service. Consequently, the institutional model has been most effectively applied to the study of administrative reform. Their study suggests that we should examine the origins, mandate and operations of our organizations before we contemplate reform. We should also endeavour to ascertain the sources of administrative reform.

Their work suggests that there are some consistent patterns in the reform movements in the early 1900s, the 1930s, the 1960s, and the 1990s. Patronage was a natural consequence of responsible government. It was felt that the first fruits of power were opportunities to use government patronage to the advantage of the successful party machine. The abuse of political patronage was condemned by political parties in opposition. Between the 1870s and the early 1900s there were serious debates over this issue. The development of scientific management principles led to a search for employment based on merit and for efficient performance of tasks. Modern Public Service reform must be evaluated against these competing political and administrative principles. In 1908, the Government of Canada established the Civil Service Commission. In 1918, it embarked upon a system of position classifications. The expansion of

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<th>Environmental Challenges</th>
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<tr>
<td>(i) 1860’s-1908</td>
<td>- concern with patronage</td>
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<tr>
<td>(ii) 1908-1920’s</td>
<td>- concern with training and merit</td>
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<tr>
<td>(iii) 1920’s-1940’s</td>
<td>- classification systems affected by the depression ...new</td>
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<td>(iv) 1940’s-1960’s</td>
<td>- Keynesianism and the welfare state...active state</td>
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<tr>
<td>(v) 1960’s-1970’s</td>
<td>- growth and social expansion...new programs introduced</td>
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<tr>
<td>(vi) 1970’s-1980’s</td>
<td>- fiscal shocks to the system...disrupted planning</td>
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<tr>
<td>(vii) 1980’s-1990’s</td>
<td>- neo-conservatism...restraining government</td>
</tr>
<tr>
<td>(viii) 1990’s-2000</td>
<td>- concern with / managing change in deficit environment</td>
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Table 2: Environmental Challenges

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Prime Minister Pearson instituted major reforms in Public Service legislation and in the formulation of economic and social policy in Canada during the 1960s. The story of the effects of the Kingston Conference and the revitalization of the Liberal Party is well known. It provides a lesson as to how political parties can effect change. The Liberal Party had outlined a strategy for reform prior to their election in 1963. The Party leaders were assisted by experienced and highly influential public servants. The Liberal party experience in the early 1960s suggests that political parties must have a mission or a political agenda upon assuming power. Prime Minister Trudeau’s rationalization of the central agencies, his appointment of Michael Pitfield as Clerk of the Privy Council and the early departure of the mandarins have been extensively discussed elsewhere.

The turnover of senior deputy ministers between the 1970s and the 1980s has been critically evaluated. The reforms the of the 1960s and the 1970s represented an attempt to manage the system with greater priority given to the input of politicians. The Trudeau years demonstrate the influence of personality and leadership style on the Public Service. It also pointed to the significance of the background and professional experience of the Prime Minister on Public Service reform.

1.4 Royal Commissions & Other Reform Initiatives The effects of the reports of the Royal Commission on Bilingualism and Biculturalism and the Royal Commission on the Status of Women are indicative of the influence of broader societal forces on Public Service reforms. The significant expansion in the role of government as an employer introduced new concerns in the 1960s related to the rights, responsibilities and obligations of public employees. The D’Avignon Task Force on Personnel Management and the Merit Principle extensively discussed these issues in the late 1970s. The report identified the major contentious issues related to industrial relations in the 1980s and beyond. The Task Force PS 2000: The Renewal of the Public Service of Canada took these issues in the 1990s. The developments suggest that we should distinguish broader social and political demands coming from the society in general from the measures adopted within the government to manage system. The developments which emanate from the broader society have led to a web of institutional arrangements to coordinate public personnel policies in the 1990s and beyond.

Various initiatives to reform public bureaucracies have led to several quests for technical efficiency, experimentation with budget reforms and to a search for neutral competence with respect to personnel management reforms. The most recent analyses of both budgeting and personnel reforms have advocated the reassessment of several of the above-mentioned norms and values which were espoused in an earlier period. The analyses suggest that there are several issues and strategies involved in any serious investigation of administrative reform. Our investigations to this point, suggest that we must endeavour to distinguish between various dimensions of public sector institutional reforms.
The reform of the Public Service is a most complex issue which cannot be isolated from problems in society. There are major managerial challenges which are not necessarily solved by either reducing the size of the Cabinet or by consolidating departments and agencies. We must take into account the fact that we are concerned with administrative reforms within a democratic political environment. To this end, greater emphasis must be placed on assessing problems of legitimacy and accountability. It is from this perspective that our study suggests that we should distinguish in a variety of managerial roles within the public sector. These issues are currently reflected in a broad societal as well as sectoral responses to the fiscal and expenditure policy changes instituted in recent years. The keen observer cannot avoid witnessing the reversals in the size of the cabinet committee system, the various problems with the integration of departments, the challenges of privatization and the difficulties in instituting fiscal controls in a period of major structural adjustments. More careful scrutiny of the problems of public sector management suggests that it is more than just a fiscal agenda. There are several types of reforms occurring which need to be distinguished and examined critically: fiscal reforms, structural reforms, and program reforms. The changes in the public sector during the past hundred years should alert us to the fact that the role of the state has undergone constant changes and adaptations and this makes administrative reform a major agenda of public sector management in the 1990s and beyond. By way of illustration, political science as a discipline must give greater priority to the study of public personnel policies as an aspect of public policy.

There is the issue with respect to who is in charge of public personnel policies, especially with respect to the roles of the Privy Council Office, the Treasury Board Secretariat and the Public Service Commission. The Clerk of the Privy Council is now required by law to present an annual report on the performance of the Public Service. The Treasury Board Secretariat has adopted some new leadership responsibilities, especially with respect to personnel. It is important that scholars and practitioners be cognizant of the fact that public personnel management has proved to be a most difficult problem for the Public Service in the 20th century. There are several reasons for the persistence of the problems. First, there is the concern with patronage which led to the establishment of an independent Commission in 1908. Second, there is the need for political control of the higher Public Service which became most significant during the 1960s. We have pointed to the importance of isolating political management roles from management within government and management of the economy. This had led to the development of a specialized role for the Clerk of the Privy Council. Third, there is the concern with more efficient management of people throughout the Public Service. The size of government and the diversity of its employees have led to unique problems. This had led to the expansion of the role of the Treasury Board Secretariat with respect to the formulation of personnel policies. There are special problems in government relating to public personnel planning. Further, there are the specialized needs of departments which require that deputy ministers be given the right to appoint the required personnel, given the diversity of personnel needs within the public sector. This fact suggests that we conduct case studies on the operation of departments. However, there are potential dangers...
with respect to fragmentation in the public sector. Fifth, there is the contentious issue of training throughout the Public Service.\textsuperscript{73} The Canadian Centre for Management Development (CCMD) has embarked on some new leadership initiatives in the training area. The establishment of CCMD has raised the issue of the levels, variety and types of training required throughout the Public Service of Canada. The foregoing suggests that there are several personnel systems throughout the Public Service which suggest that more specific studies should be conducted in this area. The population in general is usually skeptical of elite training, especially in societies where there is very little commitment to public goals and values. Public personnel policies are most complex and they defy simplistic solutions.\textsuperscript{74}

Desmond Keeling, in a study entitled Management in Government, has utilized systems analysis to demonstrate some of the possible distinctions which can be made with respect to organization and management within the public sector.\textsuperscript{75} He suggests that the public sector consists of the following subsystems with distinct value systems: the managerial, the diplomatic, the judicial, and the administrative.\textsuperscript{76} These systems represent different ways of thinking and behaving within the public sector. Both Keeling and Denhardt suggest that the public sector is concerned with managing change in a democratic environment.\textsuperscript{77} The Chrétien government has designated a minister with responsibility for the Public Service.\textsuperscript{78} There are even suggestions of a new era of administrative-federalism emerging in Canada.

Public officials have always performed important roles in federal systems of government. However, they do so in a system based on competition between political elites.\textsuperscript{79} The fact that the parliamentary system of government operates at both the federal and provincial levels has meant that the issue of the relationship between political parties, politicians and the Public Service permeates the overall governmental system in Canada. Two recent publications have alluded to these relationships: Political Management In Canada and Taking Power: Managing Government Transitions.\textsuperscript{80}

There are issues related to equal pay for equal work, especially with respect to public versus private sector employment. Public sector management requires that wages and conditions of work be regulated. However, the state is also expected to set proper standards of industrial relations in relation to those followed in the society and this phenomenon has brought personnel and financial management policies to the forefront of public sector management in the 1990s.\textsuperscript{81} It is the responsibility of the political party to designate the role of the state in society. The Public Service will then operate within the parameters established by the political party in power.

There are special problems of legitimacy and accountability which are present in the public sector.\textsuperscript{82} One approach is to focus on the roles performed by political parties, prime ministers, the cabinet ministers and deputy ministers in managing the public sector. This study suggests that we make a more concerted effort to isolate the variety of managerial responsibilities and the multiplicity of roles performed in the public sector. It further suggests that we need to distinguish the various aspects of reforms within the public sector. There are different types and levels of reforms.\textsuperscript{83} There are also several strategies of reforms which must be examined more carefully. This paper suggests that we develop an agenda for research.

Given these concerns, political science as a discipline cannot ignore the challenges faced by public sector organizations as we approach 2000. We have paid a lot of attention to leaders during election campaigns.\textsuperscript{84} However, we have not paid enough attention to the strategies which political leaders have adopted to manage the public sector while in office. This study suggests that we must pay greater attention to how public sector organizations are managed. Contemporary public administration studies have pointed to the complexities involved in public sector management. This requires more analysis of what happens within public sector organizations. We need to study organizational development and change within the public sector. It suggests that we examine the
organizational development of the major central agencies as well as strategic line departments. By way of illustration, we need to look at the realignment of the roles of the central agencies; the Privy Council Office, the Treasury Board and the Public Service Commission. In this regard, we can effectively distinguish political management roles performed by the Privy Council Office from management within the government and management of the economy performed by the Treasury board Secretariat and the Department of Finance respectively. It is most important to note that the institutional reforms which occurred during the 1930s and the 1940s can be effectively explained within the approach adopted in this study.

Between the 1940s and the 1960s, Keynesianism and the endorsement of the welfare state combined to produce an alliance between the Public Service, various societal interests and political parties. Consequently, the Public Service expanded with the creation of new departments, boards, commissions and regulatory agencies. These issues are usually addressed by scholars concerned with the management of economic and social policies. By way of illustration, the principles of organization theories which influence the design of government have been well known for quite some time. Peter Self, Administrative Theories and Politics, had alerted us to the criteria for allocating functions in government and the competition which develops between goal orientation and functional orientation. Self notes that adaptation to functional change follows three main lines:

(a) A horizontal proliferation of departments and agencies at each principal level of government, as a response to functional specialization. At a later stage the agencies thus created are often recombined into larger departments for functional and managerial reasons;

(b) A vertical shift of specialized functions from lower to higher levels of government; and

(c) A creation of semi-detached agencies or boards to carry out particular tasks.

His analysis suggests that the link between political and managerial pressures must be further investigated. Public sector reorganizations are usually a result of competition and conflict between divergent interests and organizations. The same principles have been used by designers of government to expand and reduce the number of government agencies between the 1960s and the 1990s. Consequently, we must critically evaluate and compare the Lester Pearson and Kim Campbell reforms under the criteria set out by scholars such as Peter Self and J.E. Hodgetts, among others.

The restructuring of government is usually in response to competing pressures from the society and the economy, among others. The decisions made by the Prime Minister and Cabinet reflect the chosen political resolution to the conflict. These conflicts are fought at the political, managerial and technical levels of the organization. We should discuss these issues when we debate public sector reform. Several Prime Ministers have restructured their Cabinet, the Cabinet Committee System, and have changed the departmental arrangements to reflect new priorities. Below we relate the changes to different leadership styles.

Accordingly, we should critically evaluate the issues and concerns which led to the policy and administrative reforms of the 1960s, 1970s, 1980s and 1990s.

2.0 PERSPECTIVES ON LEADERSHIP AND ADMINISTRATIVE REFORM

There are at least three important reasons for focusing on the relationship between political leadership and administrative reforms in this study.

First, there is the issue with respect to why chief executives have been concerned with administrative reform. A related issue impinges on the contribution of administrative sciences to our understanding of administrative reforms. Some major contributors in this area are Philip Selznick, Gerald Caiden, March and Olsen, Victor Thompson and Guy Peters, among others. The various contributors suggest that leaders in the political arena must formulate policies in a manner congruent with the environment in which they are working. The approach suggests that the political parties scan the environment and develop appropriate policies to meet the societal challenges. Political parties are major agents of change.
Second, the significant growth of the public sector, analyzed elsewhere, and the concomitant need to staff the Public Service have led to tensions in the interrelationship between prime ministers and bureaucratic actors; especially those responsible for staffing senior positions. The election of political parties with different ideologies has also led to concern with respect to change and adaptation of the Public Service, especially the senior Public Service, for their support of the political leaders in office. These developments suggest that we relate what we know about prime ministers to the organization and management of the Public Service.

David Zussman has suggested that the manner in which the executive branch manages the Public Service is determined by the following three considerations:

1. by the prime minister’s philosophy towards the Public Service;
2. by the political party experience with the Public Service; and
3. by the size of the federal Public Service.

In recent years, the size of the Public Service has been a major issue. The above mentioned considerations are most useful in assisting us in explaining the strategies used by selected prime ministers to implement administrative reforms.

Nicole Morgan has formulated a number of hypotheses with respect to the growth of the public sector between the 1940s and the 1980s. The first hypothesis was that the Public Service had a conscious role to absorb surplus labour when the WWII veterans returned home and after 1965 when the first wave of the postwar baby-boom hit the labour market. The second hypothesis was that growth was influenced by the mentality of the newcomers – both groups entered the labour force with different attitudes to the society. The third hypothesis was that the expansion which occurred produced imbalances between the capital region and the rest of the country and between the sexes. And the fourth hypothesis was that by the 1990s there would be great confusion and despondency in the Public Service; in that the Public Service was in greater danger of deteriorating.

Third, the study is important because a administrative reform and the management of the public sector is increasingly being conducted in an executive dominant parliamentary system of government. Despite the recent constitutional reform initiatives (the 1982 Constitution Act), very few initiatives have been taken to control the executive branch. As Johnson and Cheffins remark, “Surely in the review of Canada’s constitutional structure nothing calls out more for reform than the executive dominance of the system by the cabinet.” In the Canadian political system power has shifted inexorably in the direction of the cabinet and increasingly in recent years to the first ministers, both at the federal and provincial levels. We must be conscious of the role of role of the Prime Minister in ‘Parliamentary Reform.’

J.E. Hodgetts has identified some important factors which have contributed to executive dominance in Canada. First, while it is clear that parliament must authorize the creation of a department, it is equally clear that the executive determines when the department will begin to function. Second, the executive is granted broad powers to deal with organizational matters under a short stature entitled “The Public Service Rearrangement and Transfer of Duties Act.” The Act dates back to 1918 and 1925. Third, the day-to-day domination of organizational matters stems from the simple fact that only the executive branch is interested in problems of “organization and methods” and “systems analysis.” More significantly, it is only the executive branch that is directly concerned with adapting the organization to respond to various environmental challenges. In recent years, a small group within the Public Service has been concerned with such matters. The Machinery of Government Branch within the Privy Council Office has performed an important role in redesigning government. These factors suggest that we carefully examine the changing relationships between the state, economy and society.
2.1 From Patronage to Meritocracy, Prime Ministerial Ambivalence and Personnel Policy Planning

The evolution of public personnel policy in Canada has led to a fragmented system with no integrated approach to coordinating resources for the diverse components of training, personal and career development of federal public servants. The lack of integration is related to several competing values and forces which have influenced public personnel policy during the 20th century. Successive reform proposals in the public personnel area were not implemented until the 1960s and others have persisted into the 1990s.

J.E. Hodgetts has identified five important institutional considerations which delayed the efforts of civil service reform prior to the 1960s.

- First, there was the doctrine of sovereignty which prevented the state from negotiating with its employees;
- Second, civil service was a predominantly hierarchical structure which inhibited the appropriate negotiation of issues;
- Third, the efforts to eliminate patronage had led to a centralized structure for policing the merit system and a politically neutralized bureaucracy which had closed-off access to management;
- Fourth, the classification system which had emerged out of the popularity of Taylorism was perceived as the prime instrument for preserving the merit system. Yet the same system of classification had prevented public employees from organizing themselves appropriately. Thus until the 1960s, organized civil servants spoke with many tongues; and
- Fifth, confusion over the proper locus of managerial authority had prevented negotiation between civil servants and management. The 1967 Act conferred upon the Treasury Board the undisputed position as the real employer and presented the various civil service organizations with a focal point for negotiations which would influence negotiations into the 1970s and beyond.

Let us briefly recap the manner in which public personnel issues have been dealt with. The first civil service Act was passed in 1868. Jeffrey Simpson’s Spoils of Power: The Politics of Patronage and Discipline of Power has extensively reviewed the partisan dimensions of this issue. The matter of merit quickly became an issue of concern. In 1896, the Treasury Board was made a committee of the Privy Council primarily responsible for Finance, Revenue and Expenditures on Public Accounts. Its responsibilities were soon expanded to include matters related to appointments, compensation, and working conditions for public servants.

Sir Robert Borden
8th Prime Minister of Canada
1911-1920

The beginnings of the discussion of the problem of civil service reform in Canada were in a committee of the House of Commons in 1877. An amendment to the Civil Service Act 1882 required that candidates for a large number of positions in Ottawa pass qualifying examinations set by an examining board. The minister was still empowered to appoint the candidate of his own choice from an eligible list created by the examining board. In 1907, a Royal Commission concluded that the quality of the Public Service had actually declined in the twenty-five years during which the system had operated. Sir Robert Borden had made the quality and performance of the Public Service a major election issue. It was not surprising to see reforms instituted shortly thereafter.
At the turn of the 20th century, early initiatives were taken by Sir Robert Borden to establish a professional Public Service in Canada. Professor J.R. Mallory has observed:

Of all the Prime Ministers of Canada, only Sir Robert Borden displayed any serious interest in the cause of civil service reform. In and out of office he was a tireless advocate of the introduction of methods and sound principles into the Public Service. He found it an antiquated structure distinguished by no discernible operating principles. He left it a service modeled on scientific methods for the management of government in a modern democracy. That the principles of organization sold to his government by high-powered American consultants were based on theories of organization no longer accepted as valid, and that the recommendations of the consultants were unsuited to the conditions of the Public Service at the time are perhaps beside the point.  

A 1908 Act created a Civil Service Commission which was to set examinations for many posts in the “inside” service (employees in the departments in Ottawa) although similar reform in the “outside” service was to come much later. The Civil Service Commission was given independent tenure similar to that of the judiciary and recruitment by examination in future was to be based on competitive examination. In 1918, the Act was amended and it reduced the tenure of the three commissioners to ten years.

In 1918, sweeping administrative reforms patterned after the American experience were implemented. A new Civil Service Act (1918) placed the entire civil service under the Civil Service Commission, stripping the Treasury Board and departments of any formal power to control the selection, organization, renumeration, grading, or career development of their staffs. Under the 1918 Act, the Civil Service Commission operated under two principal branches. The Examination Branch dealt with recruitment, examination and placement, and to an extent with promotions. The Investigation and Organization Branch dealt with questions such as the need for new positions and replacements, the classification for positions, rates of pay and procedural methods and organization. The passage of the 1918 legislation commenced a jurisdictional battle between the Civil Service Commission, as it was then called, and the Treasury Board Secretariat.

The classification system has created a fragmented Public Service which contradicts the objective of formulating a comprehensive personnel policy with the appropriate flexibility required in a changing society. It will be demonstrated later that the 1992 Public Service Reform Act introduced measures to correct this problem. There is the issue of the necessity of having a more flexible and adaptive public personnel system.

2.2 The Strengthening of the Treasury Board Secretariat During the Depression

With the strong powers given to the Civil Service Commission, the Treasury Board performed a limited role between 1908 and the 1930s. Under R.B. Bennett, the Treasury Board Secretariat adopted a tightfisted approach to expenditure and personnel management. The prime minister took responsibility for the
### Prime Ministers and their Major Influence on the Public Service & Administrative Reform

<table>
<thead>
<tr>
<th>Selected Prime Minister</th>
<th>Major Influence on Public Service Reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Sir Robert Borden</td>
<td>• Concerned with quality of the Civil Service. Merit System introduced</td>
</tr>
<tr>
<td>ii. William Lyon Mackenzie King</td>
<td>• Increased the hiring of intellectuals in the Public Service. Established the Royal Commission on Administrative Classification (Gordon Commission)</td>
</tr>
<tr>
<td>iii. R.B. Bennett</td>
<td>• Fiscal conservative...stringent controls...balanced budget</td>
</tr>
<tr>
<td>iv. Louis St. Laurent</td>
<td>• Gordon Commission on Canada’s Long Term Economic Prospects</td>
</tr>
<tr>
<td>v. John D. Diefenbaker</td>
<td>• Critical of the Public Service...established Glassco Commission which emphasized management within government</td>
</tr>
<tr>
<td>vi. Lester B. Peerson</td>
<td>• Introduced legislation to improve conditions of work, etc....Royal Commission on Bilingualism and Biculturalism, Status of Women</td>
</tr>
<tr>
<td>vii. Pierre Elliott Trudeau</td>
<td>• Political management improved the Cabinet Committee System...Official Language Act passed...Charter of Rights and Freedoms</td>
</tr>
<tr>
<td>viii. Brian Mulroney</td>
<td>• Nielsen Task Force...neo-conservatism...downsizing...deregulation...PS 2000 Task Force</td>
</tr>
<tr>
<td>ix. Kim Campbell</td>
<td>• Announced the downsizing of Cabinet and the reductions of government, including the creation or remanding of portfolios of Industry and Science, Human Resources and Labour, Agriculture and Agrifood, Natural Resources, Canadian Heritage, Government Services, and Public Security</td>
</tr>
<tr>
<td>x. Jean Chretien</td>
<td>• Contributions to the Public Sector in Program Review and Getting Government Right ...oversight of the creation of the Canada Customs and Revenue Agency, the Canadian Food Inspection Agency, and the Parks Canada Agency, and announcement of the formation of the Task Force on Modernizing Human Resources Management in the Public Service</td>
</tr>
</tbody>
</table>

Table 3: Prime Ministers and their Major Influence on the Public Service and Administrative Reform
Department of Finance and as a result, was responsible for the activities of the Treasury Board. It was understandable that the role of the Board would expand thereafter.\textsuperscript{105}

New demands for cleaning up the federal government system of appointment led the Mackenzie King government to appoint a Royal Commission on Administrative Classification (the Gordon Commission) which reported in 1946.\textsuperscript{106} The Commission found that there were not enough people of high caliber in the middle and senior levels of the Public Service. It also found that there were overlapping of duties and responsibilities between the Civil Service Commission and the Treasury Board.

While there were no major changes in managerial philosophy of personnel between 1918 and 1946, it should be noted that political interference continued in the civil service. Selected sections of the civil service were still subject to political appointment.

It is important to note that the Liberal and Conservative Parties both used Royal Commissions to influence change in the public sector between the 1940s and the 1960s. Walter Gordon led the Royal Commission on Administrative Classification in 1946. He again led the Royal Commission on Canada’s Long Term Economic Prospects in 1957. The Diefenbaker government established the royal commission on the organization of the Government of Canada in the late 1950s. It is possible to identify a few change agents who influence the organizational development of the Canadian Public Service.

In an earlier paper, R.W. Phidd pointed out that during the late 1950s and 1960s, the federal government became more actively involved in economic and social policy in Canada.\textsuperscript{107} This period was also noted for structural innovation within the government, and for innovations in public inquiry.

The first innovation followed the election of a Conservative government led by John Diefenbaker in 1957. To counter the advice of suspect officials, he turned to royal commissions for policy guidance, which had previously been used for investigatory purposes.

The second innovation involved creating several government Councils: the Economic Council of Canada (1963), the Science Council of Canada (1966), and the National Council of Welfare (1968). They were the first permanent organizations dedicated to public inquiry in Canada. The Economic Council was to be a ‘central planning Council’ intended to coordinate all the planning that goes on in the Canadian economy. The Liberal party at the time believed that there should be more coordination among industry, labour, and government in the formulation and implementation of economic policy led by the federal government. Lester Pearson observed that the Economic Council “might be able to avoid the proliferation of planning organizations.”\textsuperscript{108}

The establishment of several external public enquiry agencies was consistent with two trends of the early 1960s: increasing the distance of policy inquiry from government, and housing that capacity in permanent institutions. In addition to the internal changes in government, the number of economic and social policy research bodies external to the Government of Canada significantly increased thereafter. They were considered bold initiatives in innovation at the time.

A.D.P. Heeney was asked by Prime Minister St. Laurent to be the head of the Civil Service Commission. He reported to a Conservative government under Diefenbaker. Prime Minister Diefenbaker appointed a Royal Commission to investigate the operation of the Public Service. The Diefenbaker government passed a new Civil Service Act in 1961.\textsuperscript{109} It clarified the jurisdictional influence of the Treasury Board under the Finance Administration Act. However, it carried forward the independent role of the Civil Service Commission and reaffirmed its responsibility for the merit system. The Civil Service Commission was given the exclusive right to classify positions. It will be demonstrated later that by the 1990s the classification system had grown very complex and had to be simplified.
The Act clarified the role of the Civil Service Commission in the non-merit areas and it gave staff associations the right to be consulted on conditions of employment. Industrial relations issues continued to affect the Public Service during the 1960s and it was one of the major issues in the election campaign in 1963.

2.3 The Glassco Commission and Its Endorsement of Management

The Glassco Commission outlined a framework for management with the delegation of authority to selected central agencies. It suggested that the Privy Council Office under the Clerk of the Privy Council was to be responsible for general political direction. The Department of Finance would be responsible for economic policy. The Treasury Board Secretariat would be responsible for personnel, administrative procedures and financial management. Accordingly, the Secretariat was to be organized into the following branches: Program, Personnel and Administrative. Between 1962 and 1967, a Bureau of Government Organization (BGO) was formed to implement the recommendations of the Glassco Commission. Accordingly, the recommendations were implemented by career public servants. In this regard, the influence officials such as George Davidson must be mentioned.

The Liberal government of Lester B. Pearson was committed to the introduction of collective bargaining in the Public Service and he subsequently introduced legislation which led to the passage of the Public Service Staff Relations Act. Thereafter, the Treasury Board Secretariat acted as the government’s employer.

2.4 The 1967 Public Service Reforms

Three pieces of legislation approved by parliament in 1967 culminated the evolution of public personnel reforms which had commenced in 1908 with the establishment of the Civil Service Commission. The three pieces of legislation were:

1. The Public Service Staff Relations Act, 1967;
2. The Public Service Employment Act, 1967; and

The passage of these three pieces of legislation represented a relatively comprehensive reform of public personnel policies in Canada which lasted into the 1990s.

2.5 The D’Avignon Task Force and the Lambert Commission, 1979: Continued Criticisms of the Public Personnel System

The D’Avignon Task Force on Personnel Management and the Merit Principle provided the first comprehensive review of personnel policies in the Public Service following the 1967 legislation. It reported during the short-lived Clark administration and recommended a comprehensive approach to the management of human resources within the Government of Canada. It emphasized the fact that personnel management cannot be removed from the context of the overall management of the Public Service. It recommended a number of reforms encompassing the following areas: merit, collective bargaining, an adaptable personnel management system, equal opportunity from various elements of society, political participation by public employees, and the reallocation of roles and responsibilities between the central agencies to remove confusion and contradictions inherent in the then
existing structural framework. In an indirect way, the Mulroney government which followed in the 1980s was interested in investigating alternative styles of management (the role of Macmillan from York University in the Prime Minister’s Office). The Lambert and D’Avignon reports were both critical of financial and personnel management practices in the Government of Canada. Consequently, the post-Lambert/D’Avignon investigation ushered in new management strategies and productivity initiatives such as the following:

- Focus on the Personnel Community;
- The Response to Lambert: Accountable Management;
- The endorsement of D’Avignon’s System Approach of Management throughout the Public Service;
- The endorsement of a Human Resources Management System: Multi-year Human Resources Plans (MYHRP);
- The Policy and Expenditure Management Systems (PEMS);
- The establishment of the Task Force PS 2000;
- The passage of the Public Service Reform Act, 1992; and
- The endorsement of Wage Policy Initiatives.

2.6 Toward 2000 and Beyond: The Public Service Reform Act, 1992 By the 1990s, the Prime Minister and Cabinet had responded to a political and socio-economic environment fundamentally different from that of the early 1900s. PS 2000 and the ensuing legislative reforms are expected to create a Public Service operating through technological and cultural revolution which is consistent with the needs of the next century.

To this point, this study has demonstrated that the relationship between prime ministers and the Public Service has been shaped by historical institutional interaction. Brian Chapman in *The Profession of Government*, has described the manner in which these institutional relationships developed in European countries during the late 1800s and the early 1900s. The uneasy relationship between the prime minister and the Public Service has shaped the appointment process. Some of these issues were alluded to in correspondence between Mackenzie King and Arnold Heeney. Consequently, the appointment of, and the roles performed by, the Clerks of the Privy Council have become important in shaping the relationship between the prime minister and the Public Service. As an aside, it should be noted that there were some significant public servants who influenced the relationship between two groups, for example, O.J. Skelton, Clifford Clark, Arnold Heeney, R.B. Bryce, R.G. Robertson and Michael Pitfield, among others.

Canada provides an example of the role of the Public Service in the operations of the political system. It also provides an illustrative example for newly developing states with respect to relatively stable institutional development. The relationship between political parties and the Public Service and the need for complementary relationships between the political and the Public Service elites.

In this regard, we must examine the influence of selected senior public servants on Canadian public sector management. Between 1957 and 1963, the Diefenbaker years, and between 1984 and 1993, the Mulroney years, there have been selected experiences which have thrown some light on this relationship. It must be emphasized that administrative reforms have been significantly influenced by the public service itself. The strategy outlined by Prime Minister Jean Chrétien is also most interesting. Overall, the leadership changes effected in the Privy Council Office, the Department of Finance and the Treasury Board Secretariat must be critically examined.

The Public Service Reform Act, 1992 has attempted to clarify some of the institutional relationships as they affect the performance of selected officials and certain key organizations such as the Privy Council Office, the Treasury Board Secretariat, the Department of Finance, and the Department of Public Works and Government Services.
Board Secretariat, and the Public Service Commission. Let’s review some of the most important issues which have emerged from the passage of the Public Service Reform Act. It should be noted that there has been some democratization of public personnel management issues in recent years.

Several considerations and issues have influenced the changes made in the Public Service Reform Act, including the following:

1. the recommendations in the White Paper PS 2000: The Renewal of the Public Service of Canada, tabled in December 1990, including the recommendations of the task forces which preceded it;

2. consultations with the various departments and the unions which included the Treasury Board Secretariat and the Public Service Commission expertise in the personnel area; and

3. the cumulative knowledge gained from all the recent court decisions affecting staffing in the Public Service.124

<table>
<thead>
<tr>
<th>Clerks of the Privy Council and Secretaries to the Cabinet</th>
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<tbody>
<tr>
<td><strong>Clerks of the Privy Council:</strong></td>
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<tr>
<td>William Henry Lee (July 1, 1867-June 30, 1872)</td>
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<tr>
<td>William Alfred Hinsworth (July 2, 1872-January 7, 1880)</td>
</tr>
<tr>
<td>Joseph Oliver Cote (January 13, 1880-April 24, 1882)</td>
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<tr>
<td>John Joseph McGee (May 20, 1882-May 5, 1907)</td>
</tr>
<tr>
<td>Rodolphe Boudeau (May 6, 1907-August 14, 1923)</td>
</tr>
<tr>
<td>Ernest J. Lennie (August 14, 1923-January 1, 1940)</td>
</tr>
<tr>
<td><strong>Clerks of the Privy Council and Secretaries to the Cabinet</strong></td>
</tr>
<tr>
<td>A.D.P. Heeney (March 25, 1940-March 14, 1949)</td>
</tr>
<tr>
<td>N.A. Robertson (March 15, 1949-May 31, 1952)</td>
</tr>
<tr>
<td>J.W. Pickersgill (June 1, 1952-June 11, 1953)</td>
</tr>
<tr>
<td>R.B. Bryce (January 1, 1954-June 30, 1963)</td>
</tr>
<tr>
<td>R.B. Robertson (July 1, 1963-January 15, 1975)</td>
</tr>
<tr>
<td>Peter Michael Pitfield (January 16, 1975-June 4, 1979)</td>
</tr>
<tr>
<td>Marcel Masse (June 5, 1979-March 10, 1980)</td>
</tr>
<tr>
<td>Peter Michael Pitfield (March 11, 1980-December 9, 1982)</td>
</tr>
<tr>
<td>Gordon F. Osbaldeston (December 10, 1982-August 11, 1985)</td>
</tr>
<tr>
<td>Paul M. Tellier (August 12, 1985-June 30, 1992)</td>
</tr>
<tr>
<td>Glen S. Shortcliffe (July 1, 1992-March 27, 1994)</td>
</tr>
<tr>
<td>Jocelyn Bourgon (March 28, 1994-January 17, 1999)</td>
</tr>
<tr>
<td>Mel Cappe (January 18, 1999-May 12, 2002)</td>
</tr>
<tr>
<td>Alex Himelfarb (May 13, 2002-March 5, 2006)</td>
</tr>
<tr>
<td>Kevin Lynch (March 6, 2006-present)</td>
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</tbody>
</table>

While the Public Service Reform Act (Bill C-26), which amended the Public Service Employment Act, applies to the entire Public Service, it is the Public Service Commission which is most affected by the changes.123 The Act also amended the Public Service Staff Relations Act which had established a system of collective bargaining and had provided for a system of grievance adjudication in the federal Public Service. The legislation had provided the framework within which various rights and responsibilities of participants to collective bargaining were to be exercised.
Central to the thrusts of PS 2000 is the legislative reforms that will define and enable the flexibility for a ‘cultural revolution’ within the Public Service. The existing Public Service Employment Act dated from as far back as 1967. A quarter century later, it was no longer capable of ensuring the merit principle in all staffing needs. An appropriate substitute to merit has yet to be found and it remains the cornerstone of the new Act.

Although the Public Service Reform Act (Bill C-26), which amended the Public Service Employment Act, applies to the entire Public Service, the Public Service Commission would be the organization most affected by the changes.

The key elements to the PSRA are:

1) confirmation of the PSC’s role in recruitment, promotions, appeals, auditing and training;

2) reaffirmation of merit as the essential principle on which must be based the selection of public servants.

The Act had to extend the principle to adjust to the present and future work context. For example, a new concept, individual merit has been added to relative merit to provide more flexibility and bring this principle in line with today’s realities. The assessment of candidates on the basis of standards of competence (individual merit) rather than against the qualifications of other applicants for the same position (relative merit); strengthening of the merit principle by specific reference in the legislation to the PSC’s authority to conduct audits and investigations on any matter within its jurisdiction;

3) specific legal authority to provide employment equity programs aimed at improving the employment and career opportunities of members of disadvantaged groups;

4) improvements aimed at simplifying the staffing process, including those concerning transfers and eligibility lists.

From a management perspective, the Act must have evolved to accommodate the flexibility managers need in their operations. New initiatives, such as operating budgets and Special operating Agencies, are more fluid structures of administration and need newly acquired authorities to deploy human resources faster effectively and with minimal cumbersome accountability to third parties.

**Deployment.** In the amended Act, a deployment is defined as the transfer of an employee from one position to another at the same group and level,
The relationship between political parties and the Public Service is an issue of major importance in the analysis of modern governments. Eva Etzioni-Halevy’s analysis of the issues is worthy of special attention. She has published two fascinating books on this subject: Political Manipulation and Administrative Power: A Comparative Study and Bureaucracy and Democracy: A Political Dilemma. Douglas Yates has also addressed this issue in the United States in his study entitled Bureaucratic Democracy.

Administrative reform must be examined within the context of political parties, regimes, personalities and prime ministerial styles. The prime minister performs several roles as leader of the governing party, head of the state and leader of the Public Service, notwithstanding the fact that he may delegate this role to a particular minister. The effective functioning of both political parties and the Public Service is a sine qua non to the

or to an equivalent group and level approved by the Commission – transfer meaning here separation from the position previously held. A deployment is not an appointment and does not result in a promotion;

5) fair and equitable treatment of public servants, as shown by the fact that the probationary period would apply to an initial appointment only, and the right of persons who are laid off to priority appointment.

The Act must enable all parties concerned to strike a balance between more flexibility for managers and guaranteeing that the rights of public servants are respected. Except in cases where it is a condition of appointment, an employee cannot be deployed without the individual’s consent. This is a major aspect of the deployment section of the Act which will surely have ramifications for years to come.
healthy functioning of a modern democracy. The process has been affected by the inability of political parties to develop comprehensive policy strategies between elections. This study suggests that we examine carefully the strategies used by the Liberals and the Conservatives between the following periods: 1957-1963, the Diefenbaker administration; 1963-1968 and 1979-1984, the Trudeau (Clark) administration; and 1984-1993, the Mulroney (Campbell) administration.

While scholars have isolated elements of prime ministerial leadership style and the manner in which they achieved power, they have not examined the strategies used within the government to deal with the Public Service. We suggest that scholars examine more carefully the dimensions of prime ministerial leadership related to the formulation of political priorities, the appointment of senior officials in government and the complex relationships which develop between political and administrative actors in the execution of these tasks. We must also examine the influence of each prime minister on the design and organizational culture of the Prime Minister’s Office, the Privy Council Office, the Treasury Board Secretariat and the relationship between the Board’s Secretariat and the Public Service Commission. The role of prime ministerial leadership in public service reforms has become an issue of major concern as we approach 2000. There was a significant transition in the relationship

Figure 4: Public Service Commissioners since 1908

Rt. Hon. Kim Cambell
19th Prime Minister of Canada
1993
between the prime minister and the Public Service during the two periods between the 1930s and the 1960s and the 1960s and the 1990s.

### 3.0 PRIME MINISTERIAL LEADERSHIP, CABINET DECISION-MAKING & ADMINISTRATIVE REFORM

The Prime Minister and Cabinet, supported by the bureaucracy, departments, agencies, boards and commissions are major instruments of organizational change, adaptation and transformation in Canada. Here, the authors draw on diverse contributors such as Hodgetts, Mallory, Sharkansky, Deutsch, Kaufman and Keeling, among others.

J.E. Hodgetts, among others, has characterized the Public Service as a subsystem of the Canadian political system. In this regard, we can perceive the decision-making system in the following way:

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<table>
<thead>
<tr>
<th>Presidents of the Treasury Board &amp; Secretaries of the Treasury Board Secretariat (1966-present)</th>
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<tbody>
<tr>
<td><strong>Presidents of the Treasury Board</strong></td>
</tr>
<tr>
<td>Hon. Edgar Benson</td>
</tr>
<tr>
<td>Hon. Charles M. Drury</td>
</tr>
<tr>
<td>Hon. Jean Chretien</td>
</tr>
<tr>
<td>Hon. J.Judd Buchanan</td>
</tr>
<tr>
<td>Hon. Sinclair M. Stevens</td>
</tr>
<tr>
<td>Hon. Donald J. Johnston</td>
</tr>
<tr>
<td>Hon. Herbert E. Gray</td>
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<tr>
<td>Hon. Robert Rene de Cotret</td>
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<tr>
<td>Hon. Donald Mazankowski</td>
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<td>Hon. Pat Carney</td>
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<tr>
<td>Hon. Gilles Loiselle</td>
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<tr>
<td>Hon. James S. Edwards</td>
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<tr>
<td>Hon. Art Eggleton</td>
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<tr>
<td>Hon. Marcel Masse</td>
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<tr>
<td>Hon. Lucienne Robillard</td>
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<tr>
<td>Hon. Reg Alcock</td>
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<tr>
<td>Hon. Vic Toews</td>
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<tr>
<td><strong>Secretaries of the Board Secretariat</strong></td>
</tr>
<tr>
<td>George F. Davidson</td>
</tr>
<tr>
<td>Simon Reisman</td>
</tr>
<tr>
<td>Albert W. Johnson</td>
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<tr>
<td>Gordon F. Oshaldenton</td>
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<tr>
<td>Maurice LeClair</td>
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<td>John L. Manion</td>
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<tr>
<td>Gerald Veilleux</td>
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<tr>
<td>Ian Clark</td>
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<tr>
<td>Robert Giroux</td>
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<tr>
<td>V. Peter Harder</td>
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<tr>
<td>Frank Claydon</td>
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<tr>
<td>Jim Judd</td>
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<tr>
<td>Wayne G. Wouters</td>
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Figure 5: Presidents of the Treasury Board and Secretaries of the Treasury Board Secretariat
It is possible to perceive the above as political and managerial systems. At the apex of the system is the Prime Minister and Cabinet, assisted by cabinet committees, etc. Within this system’s management framework, Hodgetts defines a functional typology for public sector organizations operating within the political system. We should endeavor to capture reform initiatives in at least five areas:

1. Foreign Policy;
2. Transportation;
3. Central Agencies;
4. Industry;
5. Social Policy.

As described by Ian Clark, then in the Privy Council Office, various prime ministers have adapted the decision-making system to meet several environmental challenges. The accompanying table illustrates the manner in which cabinet structures and central agencies have been adapted by selected prime ministers to respond to the various environmental challenges faced by the prime ministers.

During the 1960s-70s, a series of political and organizational reforms led to the strengthening of the then emergent cabinet committee system initiated by Pearson in 1963-67; all designed to give politicians greater control over policy formulation. The ramifications of the proliferation and empowerment of central control agencies on vital decision-making processes such as budgeting has not been a smooth transition in organizational rationality. Canada in the mid to late 1970s, presented a clear instance of a system whose budgetary process had become extremely fragmented. Since Confederation in 1867, the Treasury Board committee of cabinet has been concerned with personnel and expenditure matters. In the 1960s, the cabinet increasingly did its business through specialized policy committees. In the same period, the TBS emerged as a department separate from the Finance Department.

Increasingly, the Privy Council Office began to present independent advice to the prime minister and cabinet committees rather than simply lending logistical support to the collective decision-making process. Paralysis arose in the executive-bureaucratic arena, especially in connection with questions which related to the budget. The Treasury Board found it difficult to impose discipline. As a recent offspring of Finance, it lacked standing. Meanwhile, the Privy Council Office remained very much within the expansive mindset of the 1960s – tending to give moral support to proliferating cabinet committees as they continued to dream up expensive government programs and regulations.
### Evolution of Cabinet Structures and Central Agencies

<table>
<thead>
<tr>
<th>Prime Minister</th>
<th>Ministry</th>
<th>Cabinet and Central Agencies</th>
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<tbody>
<tr>
<td><strong>King</strong></td>
<td>15-19</td>
<td>- Several committees during war...fewer after&lt;br&gt;- Records minutes and decisions of the War Committees from 1940 and of Cabinet from 1945&lt;br&gt;- Several Cabinet meetings weekly</td>
</tr>
<tr>
<td>(1935-1945)</td>
<td></td>
<td>- Records minutes and decisions of the War Committees from 1940 and of Cabinet from 1945&lt;br&gt;- Several Cabinet meetings weekly</td>
</tr>
<tr>
<td><strong>St. Laurent</strong></td>
<td>20-21</td>
<td>- Committees generally tasked by Cabinet&lt;br&gt;- Several Cabinet meetings weekly&lt;br&gt;- TB delegated significant powers through FAA (1951)</td>
</tr>
<tr>
<td>(1948-1957)</td>
<td></td>
<td>- Several Cabinet meetings weekly</td>
</tr>
<tr>
<td><strong>Diefenbaker</strong></td>
<td>17-23</td>
<td>- Infrequent meetings of committees&lt;br&gt;- Several Cabinet meetings weekly</td>
</tr>
<tr>
<td>(1957-1963)</td>
<td></td>
<td>- Several Cabinet meetings weekly</td>
</tr>
<tr>
<td><strong>Pearson</strong></td>
<td>23-25</td>
<td>- 9 Standing Committees (1968); issues generally to committee before Cabinet&lt;br&gt;- Cabinet meetings weekly&lt;br&gt;- Priorities and Planning (1968)&lt;br&gt;- TBS split from Finance (1966) with separate Minister</td>
</tr>
<tr>
<td>(1963-1968)</td>
<td></td>
<td>- Priorities and Planning with authority to issue decisions&lt;br&gt;- PEMS elaborated&lt;br&gt;- Ministry of State function in External&lt;br&gt;- MBERD with FEDCs (1982)</td>
</tr>
<tr>
<td><strong>Trudeau</strong></td>
<td>27-33</td>
<td>- Fewer committees with more authority&lt;br&gt;- FRPO split from PCO (1975)&lt;br&gt;- OCG split from TBS (1977)&lt;br&gt;- MSED established (1979)</td>
</tr>
<tr>
<td>(1968-1979)</td>
<td></td>
<td>- Inner Cabinet plus 12 committees&lt;br&gt;- PEMS established&lt;br&gt;- MSSD set up (proclamation 1980)</td>
</tr>
<tr>
<td><strong>Clark</strong></td>
<td>30</td>
<td>- Priorities and Planning with authority to issue decisions&lt;br&gt;- PEMS elaborated&lt;br&gt;- Ministry of State function in External&lt;br&gt;- MBERD with FEDCs (1982)</td>
</tr>
<tr>
<td>(1979-1980)</td>
<td></td>
<td>- Comminations, Labour Relations and Western Affairs Committees wound up&lt;br&gt;- MSERD, MSSD and similar function within External wound up; FEDCs to DRIE&lt;br&gt;- “mirror committees” wound up&lt;br&gt;- Assessment Notes discontinued</td>
</tr>
<tr>
<td><strong>Trudeau</strong></td>
<td>32-37</td>
<td>- Foreign and Defence Policy Committee wound up&lt;br&gt;- Communications Committee established&lt;br&gt;- Envelopes consolidated&lt;br&gt;- PEMS rules simplified&lt;br&gt;- Expenditure Review Committee</td>
</tr>
<tr>
<td>(1980-1983)</td>
<td></td>
<td>- Priorities and Planning with authority to issue decisions&lt;br&gt;- PEMS elaborated&lt;br&gt;- Ministry of State function in External&lt;br&gt;- MBERD with FEDCs (1982)</td>
</tr>
<tr>
<td><strong>Turner</strong></td>
<td>29</td>
<td>- Comminations, Labour Relations and Western Affairs Committees wound up&lt;br&gt;- MSERD, MSSD and similar function within External wound up; FEDCs to DRIE&lt;br&gt;- “mirror committees” wound up&lt;br&gt;- Assessment Notes discontinued</td>
</tr>
<tr>
<td><strong>Mulroney</strong></td>
<td>40</td>
<td>- Foreign and Defence Policy Committee wound up&lt;br&gt;- Communications Committee established&lt;br&gt;- Envelopes consolidated&lt;br&gt;- PEMS rules simplified&lt;br&gt;- Expenditure Review Committee</td>
</tr>
</tbody>
</table>

*Table 4: Evolution of Cabinet Structures and Central Agencies*
### Evolution of Cabinet Structures and Central Agencies

<table>
<thead>
<tr>
<th>Prime Minister</th>
<th>Ministry</th>
<th>Cabinet and Central Agencies</th>
</tr>
</thead>
</table>
| Mulroney (1988-1993) | 34 | - PEMS abolished  
- Expenditure Control Plan  
- PS2000 Secretariat established |
| Campbell (1993) | 23 | - all “Minister of State” positions abolished  
- restoring full Cabinet as the forum for decision making  
- six Cabinet committees eliminated, including Priorities and Planning Committee |
| Chretien (1993) | 24 | - only four Cabinet committees  
- FPRO reintegrated into PCO  
- Comptroller General merged into TBS  
- Minister and Secretariat of Public Service Renewal |

**KEY: Government Acronyms**

- **CSC:** Civil Service Commission  
- **DRIE:** Department of Regional Industrial Expansion  
- **FAA:** Financial Administration Act  
- **FEDCs:** Federal Economic Development Coordinators  
- **FPRO:** Federal-Provincial Relationship Office  
- **MSED:** Ministry of State for Economic Development  
- **MSERD:** Ministry of State for Economic and Regional Development  
- **MSSD:** Ministry of State for Social Development  
- **MYHRP:** Multi-Year Human Resources Plans  
- **PCO:** Privy Council Office  
- **PEMS:** Policy and Expenditure Management System  
- **PSC:** Public Service Commission  
- **PSEA:** Public Service Employment Act  
- **PSRA:** Public Service Reform Act  
- **PSSRA:** Public Service Staff Relations Act  
- **PS2000:** Task Force PS 2000
4.0 GOVERNMENTAL TRANSITIONS, PUBLIC SERVICE AND ADMINISTRATIVE REFORMS

The emergence of modern political parties at the turn of the century led to alliances and tensions between political leaders and the Public Service. Between 1935 and 1957 Canada experienced 22 years of continuous Liberal governments. During this period the Public Service saw a significant increase in the employment of intellectuals in the Public Service. The senior public servants performed important roles in the formulation of policy. The Diefenbaker Conservative government which followed between 1957 and 1963 was uncomfortable with the Public Service which had served under the Liberals. We are especially concerned with the transitions by the following Prime Ministers: Diefenbaker, Pearson, Trudeau, and Mulroney. One consequence of this uneasiness was the establishment of the Glassco Commission. Earlier, we have alluded to the use of royal commissions and task forces as instruments of change. They constitute important linkages between the roles of political parties and the public service in policy development. The Liberal party recruited several prominent public servants who assisted the party in the development of new policies. The transition led to another period of long Liberal governments under Pearson and Trudeau. In 1979, the short-lived Clark government attempted some significant reforms in the Public Service. Clark had made major changes in his appointment of the Clerk of the Privy Council and changed the Deputy Minister of Finance.

5.0 THE ENVIRONMENT OF THE PUBLIC SECTOR: BUSINESS-GOVERNMENT RELATIONS AS AN ELEMENT OF CHANGE

The beliefs and priorities of the Prime Minister are equally important to the Liberal and Conservative parties’ respective ideologies and attitudes towards business. Canada is a large country with a highly heterogeneous industrial structure; and a highly adversarial attitudinal relationship between business, trade unions and governments despite recent efforts to improve that relationship. The uneasy relationship is exemplified by such investigations as the Royal Commission on the Concentration of Corporate Power, the creation and mandate of the controversial Foreign Investment Review Agency, and Trudeau’s Canadianization nationalist stance towards the business community in the 1970s. The fact that Canada had a ‘pro-business’ Conservative Prime Minister over the last decade contributed to the perception by business leaders that business-government relations had improved, especially the foreign business community. Political style and rhetoric seem to have played a strong role in changing the perception of the state of business-government relations.

The increase in the complexity of the internal government bureaucracy has presented new challenges for the externally located actors in the public policy system. Reference can be made to increasing use of private consulting firms, research institutes, and ‘think-tanks.’ Prime Minister Mulroney had been heavily dependent on private sector consultation – Nielsen Task Force (1984), external Operational Reviews of key

Canada is a large country with a highly heterogeneous industrial structure; and a highly adversarial attitudinal relationship between business, trade unions and governments despite recent efforts to improve that relationship.
departments and central agencies. The two most effective business associations can be identified as being the Business Council on National Issues (BCNI) and the Canadian Federation of Independent Business (CFIB). Even though the latter represents so-called small business, its efforts have contributed notably to improving business-government relations overall in this country.

Both business and government are developing ongoing mechanisms for interaction. In the 1970s business responded to a variety of challenges by becoming more politically active. Recently, business has utilized “consultants, lobbyists, trade associations, sector coalitions and other specialized experts” and interest group type tactics. Under the Mulroney administration business was communicating better with government – albeit through third parties – and for the most part the conservative government was receptive to the information business was communicating. The influence of business on the policy-process has been referred to as ‘elite accommodation,’ a perception fuelled no less by waning labour organizations accusing the conservative regime of wantonly passing extensive pro-business policies over the last decade.

Given the amicable relationship between government and business, a distinction must be made on relations regarding economic management policy and sectoral appropriation policy under the Mulroney regime. In regard to the latter, questions of patronage, lobby practices, tender processes, and contracting have led newly elected Jean Chrétien to set up a review of ethical conduct within the federal political system.

The resurgence of faith in market mechanisms and enthusiasm for “shrinking the state” in the tradition of Thatcherism, Reaganism and Mulroneyism, has been the most striking feature of economic policy thinking in the 1980s and the 1990s. The subsequent privatization, deregulation, and downsizing initiatives have brought the business sector more intricately into the agenda-setting, policy choice, and policy implementation stages; especially implementation. Recently, analysts have written about the confusion of roles and erosion of public accountability caused by practices of privatization, deregulation, and downsizing. They suggest that:

"Responsibilities for planning, designing, financing and implementing public policies are now dispersed among a number of public, quasi-public, private, and what Moe (1987) calls ‘crypto-quasi-pseudo’ entities living a precarious existence in the twilight zone between the public and private sectors."

G.K. Wilson has effectively explained the manner in which business was challenged by an expanded state in the post WWII era. Business reorganized to improve its influence on policy-making. As a result, business became a major source of public sector reorganization.

6.0 POLITICAL PARTIES, PRIME MINISTERS AND LEADERSHIP STYLES

Selected prime ministers have effected changes to the political system, which in part reflects their personal leadership styles. Prime ministerial government has further enhanced this approach. Prime ministerial power is linked to methods by which political leaders are chosen. A problem emerges from the fact that the characteristics which lead to electoral success are not necessarily compatible with managing the public sector. This inevitably leads to analysis of the relationship between the prime minister and the Public Service. It is also important to note that the expertise for effectively performing management within government exists within the Public Service. Although it can be assisted and energized by external forces, these skills continue to reside within the public sector. Moreover, public sector values are not always compatible with business values. Accordingly, it is an objective of public sector management to mobilize a variety of constituencies with sometimes contradictory objectives.
If we reflect on the background and leadership styles of selected prime ministers since the 1950s, we can make the following observations briefly. Diefenbaker had his power base in a populist swing in the electoral voting pattern in Canada. He did not display strong managerial talents while in office. However, he established the Royal Commission on the Organization of the Government of Canada which ushered in a new era of management within government.

Lester B. Pearson had a Public Service, diplomatic and Canadian United Church background which was most clearly reflected in his international aid activities after leaving office. His emphasis on foreign and social policy, and his attempt to ensure Quebec’s stronger involvement in policy development were reflected in the royal commissions which he established.

The role of Tom Kent during this period was most significant. His appointment of the Clerk of the Privy Council and Deputy Minister of Finance relied on the mandarin tradition from which he came. The cabinet committee system began under his leadership. Prime Minister Trudeau had a strong background in constitutional law and was very much concerned with the Quebec problem. He was not an organizational man in the bureaucratic sense of the term and the application of the rational term to him should be carefully interpreted. He assumed the office of Prime Minister at a time when systems methodology was strongly endorsed. He counteracted the management in government philosophy with political management reflected in the roles of the Prime Minister’s Office and the Privy Council Office. This was reflected in competition between the central agencies. There was a debate on this issue with respect to the relative contributions of Michael Pitfield and the departing deputy ministers in the 1970s.

The developments between the 1970s and the 1980s reflected the input of financial management ideology (the Office of the Auditor General) and the influence of the banking community as reflected in the report of the Royal Commission on Financial Management and Accountability (Lambert). The Lambert Commission identified five fundamental flaws in the management system which reflected the priority given to political management in contrast to financial management. Simultaneously, internal report, the D’Avignon Task Force, criticized the government for the absence of any overall strategy for managing people within the public sector.

It is interesting to note that Prime Minister Trudeau addressed economic management issues very late in his leadership tenure. Trudeau steadfastly proclaims state mediation in a competitive market offers security and stability to offset the instability and disruption of service inherent of market fluctuations. The economy, however, was a secondary concern to the emphasis placed on constitutional reform. Notwithstanding, “Reorganization for Economic Development” was released in 1982. With the emergence of the deficit problem from 1975 forward, there have been increasing pressures on government to reduce its involvement in the economy. This is reflected in the recent demand for downsizing, privatization and deregulation. The internal debate concerning the structure of government which occurred within the Trudeau administration was partially reflected in the then new Structure of Government announced by Prime Minister John Turner. This was reflected in the size of his cabinet and in the elimination of Ministries of State. The Turner changes anticipated the reforms implemented by Kim Campbell later.
The list of organizational reforms presented above are concerned with changes in the economic management realm primarily. However, the framework outlined in this paper suggests that we conduct case studies within the five functional areas enumerated earlier. It was suggested that the approach blend policy and administrative perspectives. In accordance with the general framework presented, case studies in public administration and public policy studies can be conducted which are illustrative of the manner in which the Canadian political system handles policy issues. The paper suggests that we focus on departments, crown corporations and agencies within the following major areas such as foreign, transportation, public sector management, industrial development and the health and social policy fields. It is further suggested that these issues be examined from a longitudinal perspective with special emphasis placed on change and adaptation. In this regard, the framework has identified governmental reorganization as a means of capturing such change and adaptation. We have demonstrated how Prime Minister Kim Campbell’s reforms, which implemented elements of the de-Cotret report, can be analyzed within this framework. We have drawn on the work of comparative scholars such as Gerald Caiden and Guy Peters, among others. The approach can be used to appraise Canadian policy-making within a comparative perspective. It is suggested that more detailed analyses of selected departmental policy-making will further demonstrate the utility of the approach.

The Mulroney government was noted for its emphasis on downsizing, privatization and deregulation. Since the late 1970s there has been a trend to promote economic development and to achieve efficiency in the marketplace:

1. External Affairs, Canada;
2. Transport Canada;
3. Treasury Board Secretariat, Canada;
4. Industry, Science and Technology, Canada; and

Couched in terms of policy issues we are concerned with exploring the formulation and implementation of foreign and trade, transportation, public sector management, industrial and science, health, welfare and social policies. The framework suggests that a comprehensive approach can improve our understanding of the relationship between policy and administrative studies. The paper has presented a broad integrative framework within which specific policy studies may be conducted. However, the specific studies are chosen to provide varied insights to the operations of the policy and administrative systems which are depicted by

The Mulroney government was noted for its emphasis on downsizing, privatization and deregulation. Since the late 1970s there has been a trend to promote economic development and to achieve efficiency in the marketplace.
### Major Organizational Initiatives in Canadian Economic Management

<table>
<thead>
<tr>
<th>Department or Agency</th>
<th>Policy Concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Canada (esp. since 1976)</td>
<td>Monetary Policy</td>
</tr>
</tbody>
</table>
Economic Management  
Incomes (Policy) |
| *Treasury Board 1966, 1969, 1976, 1979* | *Financial Management*  
Management of Public Services |
| Manpower & Immigration 1966 | Manpower Policies |
| Labour (esp. since 1966) | Industrial Relations |
| Registrar General 1966  
Consumer and Corporate Affairs | Competition Policies |
| Regional Economic Expansion 1969 | Regional Development (Spatial) |
| Industry, Trade and Commerce 1969 | Industrial and Trade Policies |
| Ministries of State 1971. **1977** | Science and Technology  
Small business  
**International Trade** |
| Employment and Immigration 1976 | Employment Policies |
| Agriculture 1977 (changed in 1959) | Agriculture and Food |

Table 5: Economic Management Reforms: 1960s—1990s
### Major Organizational Initiatives in Canadian Economic Management (continued)

<table>
<thead>
<tr>
<th>Department or Agency</th>
<th>Policy Concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Economic Development Ministers 1978</td>
<td><strong>Economic Development</strong></td>
</tr>
<tr>
<td><strong>Ministry of State for Economic Development (MSED) 1979</strong></td>
<td><em>Economic Development</em></td>
</tr>
<tr>
<td><strong>Ministry of State for Social Development 1979</strong></td>
<td><strong>Social Policy (Human Resources)</strong></td>
</tr>
<tr>
<td>Finance, MSED November 1981 Budget</td>
<td>Economic Development for Canada in the 1980s</td>
</tr>
<tr>
<td>Prime Minister’s Office, January 12, 1982 (Affected IT&amp;C, DREE, MSED and DEA-legislation pending)</td>
<td>Reorganization for Economic Development</td>
</tr>
</tbody>
</table>
| Government Organization Act 1983 (DRIE, DEA and MSERD) | i. Industrial Development  
ii. Regional Development  
iii. Trade, Export Promotion and Foreign Economic Policy |
| Agenda for Economic Renewal 1984 | Markets, Privatization |
| Government Organization Bill 1988 | Industry, Science and Technology Department (Proposed) |
| Industry, Science and Technology Act 1990 | Integrated Science and Industrial Policy |
| Proposed Government Reorganization Act 1993-1994 | Deficit Management and Downsizing of the Cabinet and Departments |

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* Auditor General and the Comptroller General reorganizations should be seen within this policy sphere. (The Lambert Commission recommendations also impinge on these changes – Financial Management).

**Selected Ministries of State in the economic policy sphere. The chronology reflects changes which occurred in the “political climate” or, more generally in the socio-economic environment. Changes in economic and management philosophies are reflected in the reforms – changes in agency philosophies.*
To this end, the Mulroney regime had the neo-conservative experience of Thatcherism and Reaganism to borrow from. The conservatives knew coming into power in 1984 that public organizations were still popular among Canadians, so they did not advocate a more aggressive ‘Thatcherite’ withering of the state. To substantiate popular ideology, Crown corporations were particularly castigated for perpetually reporting operational losses with subsequent subsidies that were exacerbating annual fiscal deficit problems. Accordingly, successive scathing annual reports by several Auditor Generals (1976-1984), the introduction of the policy paper An Agenda For Economic Renewal (1984), the private/public Nielsen Task Force on Program Review (1984) and a major report from the Economic Council of Canada (ECC) entitled Minding the Public’s Business (1986), all espoused a reduced role for the state. The reports manifested a myriad of neo-conservative responses of which the following are illustrative: (a) the 1986 adoption of the Regulatory Reform Strategy; (b) a cabinet committee an Office of Privatization and Regulatory Affairs (OPRA), and even a short lived Minister of State for Privatization was created; (c) subsequently, it deregulated several areas of the economy, including the oil, gas, transportation (air and rail), and telecommunications sectors; (d) it expanded regulation in the all-encompassing environmental realm, especially with the 1990 Green Plan; and (e) it endorsed the 1990 Expenditure Control Plan. From this perspective, we are concerned with the role of political parties in effecting change in the economic, political, and general management realms of the public sector.

Mulroney’s focus on political management was reflected in the use of political appointments within departments at the centre of government. The Mulroney government, 1984-1988 and 1989-1993, made some strategic appointments to the Privy Council Office and the Department of Finance. In addition, it instituted the use of Chiefs of Staff. In 1989, Prime Minister Mulroney launched PS 2000 with the objective of reinvigorating the Public Service. There is evidence to suggest that the private sector was more heavily involved in decision-making, especially in the role of the Minister and Department of Finance. His first Deputy Minister of Finance, Stanley Hartt was from outside the Public Service. He was very close to the Prime Minister as his subsequent appointment indicated.

The role of the Department of Finance in the Mulroney administration is most clearly illustrated in the tenure of Michael Wilson as Minister of Finance. He was the longest serving Minister of Finance since World War II. More generally, the roles of the guardians, relative to the spenders, were significantly strengthened between 1984 and 1993. By the end of the Mulroney administration, the Prime Minister and the Minister of Finance were clearly in control of fiscal policy-making relative to the 1960s and the 1970s.

While expenditure management was significantly centralized, there were a number of decentralizing initiatives; Increased Ministerial Authority and Accountability (IMAA) and the system of Operating Budgets. Patrick Grady and R.W. Phidd have reviewed the institutional evolution of budgeting between the 1960s and the 1990s and have pointed out the centralization-decentralization oscillations during the period reviewed.

With respect to management within government, the Mulroney administration significantly reduced the size of the Public Service. He had established the Nielsen Task Force which reviewed the program. It included private sector participation. He established the Department of Industry and Science. He negotiated the North American Free Trade Agreement (NAFTA) by creating a group outside the regular bureaucracy. Ironically, the chief negotiators were former bureaucrats, Simon Reisman and Gordon Ritchie.

In 1993, Prime Minister Kim Campbell significantly reduced the size of the Cabinet and the number of departments. It should be noted that an internal task force consisting of important former public servants such as Gordon Osbaldeston, Gaetan Lussier and John Carson were involved in designing the strategy.
Gaetan Lussier had previously been involved with efforts to reorganize Agriculture Canada and the Canada Employment and Immigration Commission. It should be noted that the issues surrounding this massive reorganization had been raised over twenty years earlier in the United Kingdom by Sir Richard Clark, New Trends in Government. The problems associated with governmental change have led Professor Donald J. Savoie to compile some recent experiences in Taking Power: Managing Government Transitions.\(^{166}\)

The Chrétien government, which assumed office in 1993, has expressed concern with the relationship between the Public Service and politicians and to this end, appointed a veteran public servant politician to assist in the development of an improved relationship.\(^{167}\) Marcel Massé, a former public servant who contested the elections, is now the minister in charge of effecting changes in the Public Service.\(^{168}\) The relationship between politicians and public servants has been a concern to Mitchell Sharp for some time and he has recently expanded on these issues in Which Reminds Me: A Memoir.\(^{169}\)

Editor’s Note:

Part two (of two) of *Prime Ministerial Leadership, the Public Service and Administrative Reform in Canada: Public Sector Reforms from the 1980’s to 2000 and Beyond* will appear in the Summer 2007 issue of the *CSL Leadership Review*. 

www.csl.uoguelph.ca
7.0 ENDNOTES


8. Ibid.


The tensions between politicians and experts are affected by the close relationship which exists between politics and policy-making, albeit agricultural, foreign or fiscal policy. This dimension will be examined at greater length if we look at the various departments of governments and the roles which they perform in public sector management.


15. 1973, 1974, 1975 Budget Speeches, Department of Finance, Ottawa: SSC.


23. R. Bendix, *op cit*.


29. Ibid.


As an aid to understanding the policy-making process, we have adopted (and adapted) the “systems analysis” construct of David Easton and of elaborations by such others as Daniel Katz, Robert L. Kahn and Ira Sharkanksy. In Easton’s conceptual framework, the political system, like all social systems, is characterized by “boundaries.” The system receives “inputs” from the environment in the form of demands and support. These are then subjected to the conversion process” — the dynamic “withinputs” of political leaders and the bureaucracy. The results are the “outputs” of policy in the form of legislation, regulations, and taxes, and in the strategies developed to implement the program. These outputs of policies and strategies have effects on the environment that are characterized as “outcomes.” Information about these is returned to the political system as further inputs in the form of “feedback,” enabling the system to make new adjustments in the policy or strategy to improve the quality of the outcomes. It is a continuous, cyclical process with the system responding to the stress that is both imposed upon it from without and generated from within.

The political system differs from all other systems in that it is, as Easton says, “predominantly oriented toward the authoritative allocation of values in a society.” It is the only system having a monopoly of the legitimate use of coercion.

33. Ibid.
34. Ibid., March and Olsen, op cit.
41. Knott and Miller, op cit.
42. G. Caiden, op cit.
43. J.R. Mallory, op cit.
44. Knott and Miller, op cit.
46. J.E. Hodgetts, op cit.
48. Tom Kent, Ibid.
50. A. Doerr, op cit.
52. See Canada. Report of the Canada Royal Commission on


55. G. Caiden, op cit.

56. Knott and Miller, op cit.


61. G. Caiden, op cit.


67. O.P. Dwivedi and Henderson, op cit.


70. Robert Lee (1979), op cit.


76. Ibid.

77. Ibid. See Chapter 4, “A Systems Approach to the Public Service; also Denhardt (1993), op cit.

78. See Marcel Massé, “Partners in the Management of Government: The Changing Roles of Government and the Public Service,” The John L. Manion Lecture 1993 Optimum, Vol. 24-1). Here, Massé suggests top officials in the Public Service must become “less administrators and implementors of programs and activities, and more knowledge-based advisors to help determine and explain the parameters within which solutions must be found.”


82. March and Olsen, op cit; Knott and Miller, op cit.


84. Ibid.


91. Ibid. Dwivedi.

92. Nicole Morgan, op cit.


96. Ibid., pp. 19-20.

98. G. Stahl, R. Lee, op cit.


100. J.R. Mallory, op cit.

101. Ibid.


103. Ibid.

104. J.E. Hodgetts, op cit.


109. Ibid.


112. Ibid.

113. Ibid.


115. Ibid., pp. 6-10.


120. B. Chapman, op cit.


123. Ibid.

124. Of particular note was the January 1992 federal court decision decreeing legislative reform was necessary to fulfill the rights of individuals in staff transfer practices. See Gene Swimmer, “Staff Relations Under the Conservative Government: The Singers Change But The Song Remains The Same,” in How Ottawa Spends 1992-93, Carleton University, 1993.


134. J.R. Mallory, op cit.


137. M. Sharp, Which Reminds Me...A Memoir (1994).

138. Ibid.


140. Ibid.


144. Audrey Doerr, op cit.

145. Ibid.

146. Francis Rourke, op cit.


149. Francis Rourke, *op cit*.

150. Peter C. Newman, *op cit*.


164. *Ibid*.


166. Donald Savoie (1993), *op cit*.


168. See Marcel Massé (1993), *op cit*.


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