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LA THÈSE A ÉTÉ MICROFILMÉE TELLE QUE NOUS L'AVONS RECEUE
FEDERAL REGIONAL POLICY: A PROCESS, ANALYSIS

by

Brian Richard Anderson
Department of Political Science

Submitted in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy

Faculty of Graduate Studies
The University of Western Ontario
London, Ontario
July 1985

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ABSTRACT

The purpose of this study is to outline and analyze the process leading to the signing of regional development agreements between the federal Department of Regional Economic Expansion (DREE) and the provinces of Saskatchewan and British Columbia. The agreements were signed as subsidiary to General Development Agreements (GDAs) entered into with each of the provinces. The study examines a series of these subsidiary agreements signed between 1974 and 1980 in order to determine some of the forces helping to shape regional policy, to characterize working relationships and to consider the implications of particular administrative structures and processes.

The research is based on an examination of DREE documents as well as on the transcripts of numerous interviews held with DREE and other federal officials. A model of the policy process has been employed to provide a framework for the analysis. The model presents the cognitive and coordinating dimensions of policy making as two distinct but interrelated continua. The process leading to the signing of subsidiary agreements is assessed in relation to these continua.

The study shows that federal policy making processes did reflect certain tendencies in respect of both cognitive and coordinating dimensions. In terms of the cognitive, policy analysis was constrained in its depth and breadth, tended to be more incremental than
synoptic, participation in analytical activity was limited, and the rationale for initiatives was often more aimed at coping with, rather than solving, problems. In terms of coordination, processes in general tended to be haphazard, passive and-to function without effective central monitoring or control. Bargaining was the principal coordinating instrument, one in which the provinces came to assume a dominant role.

With these characteristics as found in the formulation of agreements under the GDAs, it is evident that the approach did not meet expectations as a tool for facilitating comprehensive analysis and broad ranging coordination in regional development. The GDA approach did relatively little to ensure an integration of development goals between both levels of government. It is also concluded that administrative structures and processes themselves played a major role in shaping the policies which emerged. Policies reflected the fact that the cognitive and coordinating dimensions are interlinked. In order for processes on one dimension to complement those on the other, care must be taken in organizational design, assignment of responsibilities and in the monitoring of activity.
ACKNOWLEDGEMENTS

Successful completion of this study would not have been possible without the assistance provided to me throughout the course of the work. I am especially grateful to my thesis supervisor, Professor Hans Hossé, for his indispensable guidance, advice, and encouragement, and also for being most generous with his time.

My gratitude is also extended to my employer, the Department of Regional Industrial Expansion (formerly the Department of Regional Economic Expansion) for providing substantial financial assistance and ensuring extraordinary access to officials and documents throughout the period of research. I am also indebted to the numerous public servants interviewed during the course of this study. It is important that I absolve these officials of any responsibility for my errors. As well, I must emphasize that the opinions and conclusions represented in this study are solely those of the author.

Finally, my wife Barbara and my children Erin, Sarah and Emily have had to endure my impatience, absence and, at times, neglect, as this work progressed. They responded always with understanding and with the assurance that the effort would prove worthwhile.
TABLE OF CONTENTS

CERTIFICATE OF EXAMINATION ................................................... ii
ABSTRACT ...................................................................................... iii
ACKNOWLEDGEMENTS ................................................................. v
TABLE OF CONTENTS .................................................................. vi
LIST OF ABBREVIATIONS USED IN THIS STUDY .......................... x
LIST OF TABLES ............................................................................ xii
LIST OF APPENDICES .................................................................... xiii

CHAPTER

I  INTRODUCTION ........................................................................ 1
  1.1 Objectives and Scope ......................................................... 2
  1.2 Research Approach and Terminology ................................. 10
  1.3 Expected Contribution ...................................................... 21

II THE ANALYTICAL FRAMEWORK ............................................. 23
  2.1 Choosing the Framework .................................................. 24
    2.1.1 Process Analysis ......................................................... 24
    2.1.2 The Process Framework and Regional Development Policy 27
    2.1.3 Criteria for Selecting a Model ...................................... 28
  2.2 The Basic Dimensions of the Model ................................. 30
    2.2.1 The Coordinating Process ........................................... 32
    2.2.2 The Cognitive Process ................................................. 36
  2.3 Refining the Model .......................................................... 41
  2.4 Interlinkages in the Analytical Framework ....................... 47

III THE MATURING OF FEDERAL REGIONAL POLICY: EVOLUTION OF THE GENERAL DEVELOPMENT AGREEMENTS ... 52
  3.1 Evolution of the Federal Role in Regional Development .... 53
  3.2 Early DREE Programming ............................................... 58
  3.3 Joint Planning Committees .............................................. 62
    3.3.1 Operational Aspects .................................................. 64
| III | 3.3.2 Problems and Shortcomings | 66  |
| 3.4 | Criticisms of DREE and Its Programming | 69  |
| 3.5 | DREE Policy Review | 72  |
| 3.5.1 | The Review Process | 74  |
| 3.5.2 | Results of the Review | 75  |
| 3.6 | Other Important Factors in the Evolution of GDAs | 77  |
| 3.6.1 | The Western Economic Opportunities Conference (WEOC) | 77  |
| 3.6.2 | The Interim Planning Agreements (IPAs) | 79  |
| 3.6.3 | Other General Factors | 79  |
| 3.7 | Decentralization of DREE | 81  |
| 3.8 | Towards the GDAs and Subsidiary Agreements | 85  |
| 3.9 | The Evolution of the GDA in British Columbia, Saskatchewan and New Brunswick | 96  |
| 3.9.1 | Pre-GDA Activities | 96  |
| 3.9.2 | Formulation of the GDAs | 100  |
| 3.9.3 | Summary of Differences and Some Implications | 108  |

<p>| IV | APPLICATION OF THE ANALYTICAL MODEL: CASE STUDY OF BRITISH COLUMBIA | 115  |
| 4.1 | General Setting for the Subsidiary Agreements | 118  |
| 4.2 | The Subsidiary Agreements | 121  |
| 4.2.1 | Northern Highways, 1974-75; 1975-76; 1976-79 | 121  |
| 4.2.2 | Fort Nelson | 125  |
| 4.2.3 | Northeast Coal and Northeast Coal 1977-1981 | 126  |
| 4.2.4 | Industrial Development | 131  |
| 4.2.5 | Agriculture and Rural Development | 136  |
| 4.2.6 | Travel Industry Development | 139  |
| 4.2.7 | Intensive Forest Management | 145  |
| 4.3 | The Cognitive Process | 147  |
| 4.3.1 | Synoptic-Analysis | 148  |
| 4.3.2 | Mixed-Scanning | 154  |</p>
<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV 4.3.3 Incrementalism</td>
<td>156</td>
</tr>
<tr>
<td>IV 4.4 The Coordinating Process</td>
<td>162</td>
</tr>
<tr>
<td></td>
<td>4.4.1 Central Control</td>
</tr>
<tr>
<td></td>
<td>4.4.2 Procedures</td>
</tr>
<tr>
<td></td>
<td>4.4.3 Bargaining</td>
</tr>
<tr>
<td>IV 4.5 Summary</td>
<td>180</td>
</tr>
<tr>
<td>V APPLICATION OF THE ANALYTICAL MODEL</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CASE STUDY OF SASKATCHEWAN</td>
</tr>
<tr>
<td></td>
<td>5.1 General Setting for the Subsidiary Agreements</td>
</tr>
<tr>
<td></td>
<td>5.2 The Formulation of Subsidiary Agreements</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.3 The Cognitive Process</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td></td>
<td>5.4 The Coordinating Process</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.5 Summary</td>
</tr>
<tr>
<td>VI ANALYTICAL OVERVIEW</td>
<td></td>
</tr>
<tr>
<td>VI 6.1 General Intentions</td>
<td>255</td>
</tr>
<tr>
<td>VI 6.2 Examining the Cognitive Dimension of the Observed Policy-Making Process</td>
<td>261</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
LIST OF ABBREVIATIONS USED IN THIS STUDY

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC</td>
<td>Agriculture Canada</td>
</tr>
<tr>
<td>ADB</td>
<td>Atlantic Development Board</td>
</tr>
<tr>
<td>ADIA</td>
<td>Area Development Incentives Act</td>
</tr>
<tr>
<td>ADM</td>
<td>Assistant Deputy Minister</td>
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<tr>
<td>APEC</td>
<td>Atlantic Provinces Economic Council</td>
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<tr>
<td>APPDA</td>
<td>Atlantic Provinces Power Development Act</td>
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<tr>
<td>ARDA</td>
<td>Agriculture Rehabilitation and Development Act</td>
</tr>
<tr>
<td>BCDC</td>
<td>British Columbia Development Corporation</td>
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<tr>
<td>BEDM</td>
<td>Board of Economic Development Ministers</td>
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<tr>
<td>B.C.</td>
<td>The Province of British Columbia</td>
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<tr>
<td>CCA</td>
<td>Consumer and Corporate Affairs</td>
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<tr>
<td>CEIC</td>
<td>Canada Employment and Immigration Commission</td>
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<td>CFS</td>
<td>Canadian Forest Service</td>
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<td>CGOT</td>
<td>Canadian Government Office of Tourism</td>
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<tr>
<td>CMHC</td>
<td>Central Mortgage and Housing Corporation (Now Canada Mortgage and Housing Corporation)</td>
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<tr>
<td>DFO</td>
<td>Department of Fisheries and Oceans</td>
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<tr>
<td>DG</td>
<td>Director, General</td>
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<tr>
<td>DINA</td>
<td>Department of Indian and Northern Affairs</td>
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<tr>
<td>DM</td>
<td>Deputy Minister</td>
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<tr>
<td>DNS</td>
<td>Department of Northern Saskatchewan</td>
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<td>DOE</td>
<td>Department of Environment</td>
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<tr>
<td>DREE</td>
<td>Department of Regional Economic Expansion</td>
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<tr>
<td>ELUC</td>
<td>Environment and Land Use Committee</td>
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<td>EM&amp;R</td>
<td>Energy Mines and Resources</td>
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<td>FBDB</td>
<td>Federal Business Development Bank</td>
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<tr>
<td>FIN</td>
<td>Department of Finance</td>
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<td>FRED</td>
<td>Fund for Rural Economic Development</td>
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<td>GDA</td>
<td>General Development Agreement</td>
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<td>HW</td>
<td>Health and Welfare</td>
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<td>IDSA</td>
<td>Industrial Development Subsidiary Agreement</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>IPA</td>
<td>Interim Planning Agreement(s)</td>
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<td>IPSCO</td>
<td>Interprovincial Steel and Pipe Corporation</td>
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<tr>
<td>IT&amp;C</td>
<td>Industry Trade and Commerce</td>
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<td>JPC</td>
<td>Joint Planning Committee(s)</td>
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<td>LAB</td>
<td>Department of Labour</td>
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<td>MMRA</td>
<td>Maritime Marshland Rehabilitation Act</td>
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<td>MOT</td>
<td>Ministry of Transport</td>
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<td>MSED</td>
<td>Ministry of State for Economic Development</td>
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<td>MSFPR</td>
<td>Ministry of State for Federal-Provincial Relations</td>
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<tr>
<td>MSUA</td>
<td>Ministry of State for Urban Affairs</td>
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<tr>
<td>NDP</td>
<td>New Democratic Party</td>
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<tr>
<td>NW</td>
<td>Northwest (British Columbia)</td>
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<tr>
<td>N.B.</td>
<td>The Province of New Brunswick</td>
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<tr>
<td>OGD</td>
<td>Other (Federal) Government Department</td>
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<tr>
<td>PC</td>
<td>Progressive Conservative (Party)</td>
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<tr>
<td>PCO</td>
<td>Privy Council Office</td>
</tr>
<tr>
<td>RFMIS</td>
<td>Project Formulation Management Information System</td>
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<tr>
<td>PFRA</td>
<td>Prairie Farm Rehabilitation Act</td>
</tr>
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<td>PW</td>
<td>Public Works</td>
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<td>RDLA</td>
<td>Regional Development Incentives Act</td>
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<tr>
<td>RDIP</td>
<td>Regional Development Incentives Program</td>
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<tr>
<td>SASK.</td>
<td>The Province of Saskatchewan</td>
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<tr>
<td>TB</td>
<td>Treasury Board</td>
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<tr>
<td>TIDSA</td>
<td>Travel Industry Development Subsidiary Agreement</td>
</tr>
<tr>
<td>UBC</td>
<td>University of British Columbia</td>
</tr>
<tr>
<td>WEOC</td>
<td>Western Economic Opportunities Conference</td>
</tr>
<tr>
<td>TABLE</td>
<td>Description</td>
</tr>
<tr>
<td>-------</td>
<td>--------------------------------------------------------------</td>
</tr>
<tr>
<td>6-1</td>
<td>Examples of Shifting Economic Circumstances, 1973-1979</td>
</tr>
<tr>
<td>7-1</td>
<td>GDA Cumulative Expenditures by Leading Functional Categories, 1974/75-1979/80</td>
</tr>
<tr>
<td>APPENDIX</td>
<td>Description</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>A</td>
<td>Important Events in the Maturing of Regional Policy</td>
</tr>
<tr>
<td>B</td>
<td>Maximum Financial Provisions of Signed Active and Expired Subagreements as of July 1, 1980</td>
</tr>
<tr>
<td>C</td>
<td>Participation of Other Federal Departments in Subsidiary Agreements as of July 1, 1980</td>
</tr>
<tr>
<td>D</td>
<td>Interview Notes</td>
</tr>
</tbody>
</table>
CHAPTER I

INTRODUCTION

In 1974, a series of General Development Agreements was signed between the federal Department of Regional Economic Expansion (DREE) and each of the provinces, with the exception of Prince Edward Island. These multi-dimensional, ten-year agreements were quickly to become the principal delivery mechanism for a regional development policy in Canada, replacing other DREE programs as they were completed. In order to implement this new approach, DREE decentralized its operations. Offices were established in each provincial capital along with regional offices for the Western Region, Ontario, Quebec and the Atlantic Region.

The General Development Agreement (GDA) was to represent federal-provincial consensus on specific development interests of both levels of government. These interests were then to be pursued through cost-shared subsidiary agreements which focused on program activities. As of April 1, 1979, a total of 93 such subsidiary agreements had been signed with the provinces, involving federal financial commitments of some $2.3 billion, provincial commitments of over $1.3 billion and related

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Prince Edward Island had a comprehensive development program in place as a result of a 15-year agreement signed with DREE in 1969. It should be noted that DREE, which came into existence in 1969, is presently undergoing an amalgamation with the Department of Industry, Trade and Commerce. This amalgamation into one department was announced by Prime Minister Trudeau on January 12, 1982.
commitments from the private sector of $618 million, i.e., totalling over $4.2 billion.

1.1 Objectives and Scope

The purposes of this study are twofold. First, it is to outline and analyze the process leading to the signing of subsidiary agreements using as examples the two provinces of British Columbia and Saskatchewan and making selected references to other provinces (mainly New Brunswick). Second, the study expects to draw from this process analysis a better understanding of contemporary federal regional development policy, i.e., an understanding of the forces which have helped shape regional policy in the different parts of the country and an understanding of some of the deficiencies associated with the policy development process. This, in turn, will hopefully lead to possible means for dealing with the identified deficiencies and avoiding them in the future.

The initial analysis of the regional policy process will be directed toward some important factors which underlie the creation and alteration of relevant public policy; in other words, it will provide a view "of the ongoing means of creating the products of the system." Two key aspects involved in the creation of public policy are the coordinating and cognitive processes. Coordinating processes concern the manner in which individuals and, through them, organizations coordinate the range of inputs leading to a particular policy; more specifically,

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by which means was coordination among activities sought? For the purposes of this study, the focus lies on the coordinating activities leading to the signing of subsidiary agreements (subagreements).

In a very useful study, Swainson has shown that both coordinating and cognitive processes can be placed on different continua. The coordinating continuum has at one end the notion of coordination through hierarchical control, i.e., that a central coordinator plays a determining role in ensuring that policy development is well linked to the activities of other participants. At the other extreme of this central control are coordinating processes that occur through bargaining and negotiation—what might broadly be termed as "mutual adjustment". There is an intermediate point on this continuum which will be identified in conjunction with the full methodological framework presented in the next chapter.

Cognitive processes—the awareness and the judgment employed in analyzing policy issues—can also be described on a continuum. At one end lies holistic or synoptic analysis. A great deal has been written on the possibilities of formulating policy through this level of inquiry.

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5 Swainson, op. cit., p. 288.

Aids to policy making such as cost benefit analysis and operations research are attempts toward a comprehensive analysis. At the extreme end of the cognitive dimension, away from synoptic analysis, lies the notion of incrementalism. At this extreme, policy is seen as an unplanned response to an ever-shifting environment. Again, there is an intermediate point on the cognitive dimension that will be explored further in the next chapter.

It is unlikely that the extremes of either the coordinating or cognitive processes will be encountered in their unalloyed form. One can talk only of tendencies in certain directions. This study will seek to uncover those tendencies: to uncover the balance between the coordinating and cognitive action required to cope, on the one hand, with the complexity and interdependence of public policy and, on the other, the action required to ensure timely and efficient policy.

The analytical framework to be introduced in the following chapter deals with the important question of how to decide, as opposed to dealing with what to decide. The question of how to decide on policy is of particular relevance to regional development policy. The GDA approach and the resulting subagreements may be affected very markedly by the coordinating and cognitive processes within DREE. The decentralization of DREE, which occurred with the adoption of the GDA approach, was an

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explicit move to establish certain organizational structures and processes which would facilitate coordination of the myriad of issues in regional development. There has been no systematic attempt to determine whether those structures and processes are producing the kind and quality of public policy that the designers had anticipated. By examining the process elements of regional policy, it may be possible to determine the gaps in policy coordination and suggest remedial measures; it may also be possible to determine the extent to which comprehensive analysis did precede the policy decisions in regional development.

The study will also examine, through the use of the conceptual framework, the administrative and political linkages that lie behind subagreements. This systematic analysis of institutional arrangements will hope to uncover some of the associations between policy efficacy and administrative structures and functions. It will be argued that some elements of the administrative structure and function, specifically the way DREE is organized and conducts its coordinating role, will have an impact on the comprehensiveness of federal regional development policy.

It should be noted that this study is not intended merely to place DREE at some point on the different continua. As a decentralized organization, one can expect to find in DREE some significant limits imposed on the exercise of central control. It is important enough to examine the extent of movement away from central control and to consider the consequences on the policy process. This examination will be related to the special needs and issues that arise in regional development policy. These special needs will be identified throughout the study. An effort will be made to point out the strengths and weaknesses of the GDA approach as a means of meeting those needs.
The second purpose of this study is to enhance the knowledge of regional development policy in this country. Several studies have been undertaken on DREE and its policy and programming. However, these studies have not looked into the GDA approach as it has unfolded in different provinces. Savoie, for example, in his thorough work on the GDA in New Brunswick does offer insights into the federal regional policy process as it operates in that province, but, as noted before, DREE is decentralized with very substantial policy discretion at the provincial office level. Policy will be subject to the influence of different personalities, of different leadership styles and of a variety of formal and informal procedures. There may well be a collage of experiences in the development process that only in their aggregation make any statement about contemporary regional policy. It is necessary to investigate the interprovincial differences and the differences that exist between sub-agreements, before coming to any conclusions about the nature of regional policy in any pan-Canadian sense.

Another important element in the understanding of current regional policy involves an examination of how that policy has emerged and how it

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10Savoie, op. cit.
has evolved out of other instruments and other policy measures. The study will regard the GDA as an evolutionary reform in federal regional policy rather than a "structural upheaval" as some writers have suggested.\footnote{Ibid., p. 7.}

Having traced the evolution of the policy process, having gained a perspective on how that process varies from one jurisdiction to another and having analyzed the process by way of an analytical framework, the study will then discuss the resultant implications. The leading question will focus on the effects of decentralization on the formulation of policies and programs for regional development. Part of the answer will lie in the way in which the organization responds to the need for comprehensive and highly coordinated regional policy. In this context, the inquiry will realize that some policy issues in regional development require a broader analytical, planning and intellectual perspective than other issues and that some of the opportunities and constraints for regional development can be dealt with most effectively by involving a wide variety of interests and by reaching agreement on a multi-lateral basis. Examples are not difficult to find: consider the range of issues with very clear and significant implications on other jurisdictions or on other sectors of the economy; consider the problems in dealing with a resource base or a particular development constraint; both of which may involve several agencies and/or territories. Significant problems having an interprovincial, interdepartmental or intersectorial nature place very different and very onerous demands on both the coordinating and the cognitive processes of policy making.
In summary, this study will consider the DRCE organization and the process for development of subagreements in relation to some crucial elements of regional policy. The questions addressed include: are there elements of structure and process that inhibit the formulation of a comprehensive attack on regional disparities; are there also elements which discourage dealing with regional problems outside the jurisdictional confines of the federal political system?

The scope of the study is limited to the process leading to the signing of subagreements in selected provinces: British Columbia (B.C.), Saskatchewan (Sask.) and, to some extent, New Brunswick (N.B.). These provinces have been chosen to allow a broad but still manageable perspective on the agreements in place and to permit comparisons between 'have' and 'have-not' provinces; between provinces that vary in the management of their economies, that have substantially different public sector resources and that are contrasting in their economic problems and structural economic bases. Original research has been conducted in B.C. and Saskatchewan. These research results will form the basis for the analysis of the policy process. Comparisons between B.C. and Sask. and between these provinces and N.B. will be drawn. The material for comparison with N.B. has been obtained largely from a recent doctoral study by Savoie.\textsuperscript{12}

This cross-country perspective should allow for the identification of interprovincial differences in the operational process and for possible explanations of these differences.

\textsuperscript{12}ibid.
The focus is centered on the DREE provincial offices and how their personnel relate with other actors in the policy process, including other federal government departments (OGDs), the provincial governments and the private sector. Further, the analytical investigations of this study will also pay attention to the interrelationships of DREE's provincial, regional and national offices, although the provincial office is in a position to play a determining role in the policy process. The influence derives from the ability to conduct a wide range of activities related to subagreements including analysis, development, negotiation and implementation.

Within the provincial offices, the focus is further centered on the senior officials, the Director-General (DG) and those officials in the office with direct responsibilities towards the subagreements. These officials have the most continuous contact with the provincial governments, and they are instrumental in initiating discussions, developing ideas, analyzing material and conducting negotiations. It will be from the activities of these officials that coordinating and cognitive processes will be derived.

The time frame of the study covers the period of time from 1974 to 1979. Reference will be made, however, also to events which occurred prior to this period, for example, the policy review of the early 1970s, DREE's decentralization and the signing of the GUAs themselves.
1.2 Research Approach and Terminology

It can be generally stated that in social science research no single methodology has emerged as the preferred approach to researching public institutions. The approach chosen for this study is an examination of certain administrative structures and processes in relation to a particular conceptual model of these processes. This approach will seek associations between characteristics of policy and elements of administrative structure and process.¹³ The emphasis will be on determining the nature of those associations, rather than supplying a taxonomy. The analysis will be historical-inductive, drawing out generalizations from a mass of varied experience.

Just as there is no universally accepted ideal in the approach to institutional study, there is no one model of decision-making that is endorsed. According to Sharkansky, "some of the features that preclude the rational model may also preclude any other single model of decision-making from attaining universal use among public agencies."¹⁴ In view of this variety and uncertainty, an analysis of process using any one conceptual model is likely to be less complete than one would hope. The conceptual model that will be described and employed in this study will not be expected to identify every element of policy-making, i.e., to provide an explanation of the policy process that has full predictive


powers. There will be in many cases no precise fit between the model and the facts, but the weight of the evidence should still allow conclusions about the policy process as it operates in the area of regional development. 15 A full discussion of the research approach, elaborating on the model employed of the policy process, will appear in the following chapter.

The research sources include federal government documents and publications, intergovernmental and federal intra- and interdepartmental correspondence in B.C. and Sask. along with reference to several major newspapers. In addition to these sources, interviews totalling some 35 hours were held with 25 DREE and other government officials in Ottawa, Saskatoon, Regina and Victoria (Appendix D).

The following portion of this section will seek to point to and clarify areas of conceptual ambiguity in both the broad policy field of regional development and in the methodology that will be used to study it. To begin with, the usage of the term 'region' needs some attention.

Neither 'region' nor 'regional' have the benefit of a standard definition in their application to economic development. Region can be defined in geopolitical terms, in terms of geography alone, in terms of a particular sphere of activity or by mere administrative precedence and convenience. Regions have become accepted descriptions of the small

15 A certain imprecision can be expected in studying public policy. "A subject should not be forced to assume a greater degree of precision than the nature of the subject warrants, that a picture of reality is distorted when naturally imprecise things are dealt with as though they were being precisely measured." Phillip Coombs, The World Educational Crisis (London: Oxford University Press, 1968), p. 91.
administrative entities created in Ontario and Quebec for local government and/or planning purposes. The term has also been used to divide the entire country into a number of constituent units. As Westfall notes, "the term 'region' can be frustratingly imprecise." Several different themes of what may constitute a region can be examined. To begin with, region can be identified through a similarity of features, what geographers might term formal regions. In Canada, similar climatic and physical features are often associated with the Atlantic provinces, Central Canada, the Prairies, and the Pacific. The common environment is expected to give rise to common economic, political and social conditions. Thus, public agencies are justified in using the formal region as an appropriate focus for policy. Hodgetts has extended the notion of a common environment to include areas having somewhat homogeneous interests, i.e., interests that allow the articulation of an aggregated set of demands on the national government. As he points out, this usage can be seen most readily in the American system with the existence of a 'cotton belt' and a 'corn belt', each having political

16 For example, five regions (Atlantic, Quebec, Ontario, Prairie and British Columbia) have been employed by Statistics Canada. Four regions, Atlantic, Quebec, Ontario and Western Canada, are described in the constitutional amendment formula known as the Victoria Charter. For further insight, see J. H. Pammett, "Public Orientation to Regions and Provinces," in D. J. Bellamy, J. H. Pammett and U. C. Rowat, The Provincial Political Systems (Toronto: Methuen, 1976).


significance. In Canada, while some common interests may be present in
the Maritimes and on the Prairies for instance, they are not easily
aggregated or articulated with the existence of party discipline in a
parliamentary system and with strong provincially oriented political
elites.\(^{19}\) Even the assumption of common problems and common interests
may not be valid.\(^{20}\)

Another broad usage of the term region is related to grouping
areas together that have functional linkages. These linkages can include
political, economic, social and administrative aspects. Based on these
broad linkages, the large metropolitan areas and provinces themselves
can be described as regions. The difficulty in dealing with functional
regions is the fact that their shape changes depending on the set of
linkages applied.\(^{21}\) A province might represent a grouping of functional
political linkages; but there is no reason to expect, in grouping the
economic linkages, that the area of interest will turn out to be the same.
For example, the economic linkages for northeast B.C. may lie to a large
extent with the Peace River area of Alberta.

Brewis has \(^{\underline{\hphantom{a}}}\) underlined the conceptual ambiguity surrounding the
identification of regions in suggesting that a region is neither self-
determined nor nature given, but rather is an intellectual concept

\(^{19}\) Alan Cairns, "The Governments and Societies of Canadian
Federation," Canadian Journal of Political Science, Vol. X, No. 4
(December, 1977), pp. 695-726.

\(^{20}\) J. W. Watson, North America: Its Countries and Regions (New

\(^{21}\) Westfall, op. cit., p. 9.
created by the more important features of the issue, problem or the interest being examined. In this application, the term 'region' becomes a highly subjective concept based on whichever criteria are applied.

Granted then, there is a good deal of freedom available in preparing a map of the regions in this country. However, if that map is prepared for purposes of regional development, the appropriate regions will not necessarily respect provincial boundaries. Westfall has written:

It is by no means clear that the type of region represented by a province is best equipped to deal with contemporary social and economic problems. ... Such an artificial division breaks down functional economic regions by placing the region under any number of competing (and now more powerful) administrative jurisdictions. ... The result might well be to institutionalize even further the present levels of economic disparity within economic regions.

Clearly, there is no expectation, a priori, that regional development should be considered synonymous with provincial development. The fact is that any particular geopolitical unit will not be the most appropriate for the entire range of regional problems. As the scale of problems changes—and as their characteristics change—the appropriate area focus will change. A specific hierarchy will be employed in this study to delineate the possible differences in focus of the development effort. National development, regional development, provincial development and local development will be terms employed to identify an areaally decreasing focus for the development effort. Thus, regional development as used in this study is seen as distinctly interprovincial or


23 Westfall, op. cit., p. 9.
multiprovincial. This application of the term will account for the range of issues in regional development policy that require a broader focus than provincial boundaries. Throughout this study, it will be against this broader concept of regional development that the efficacy of the GDA approach and the subagreements will be judged.

Another area which requires some clarification is the usage of the term 'policy-making' in relation to the formulation of subagreements. This study proposes to examine the federal regional policy-making process as demonstrated in the subagreements. There may be some question whether or not the subagreements actually constitute policy. Hopefully, it will become clear as this study unfolds that the subagreements do constitute the most meaningful policy statements being made by DREE. This is not to deny the importance of the GDAs themselves. The GDAs do set forth, in the broadest of terms, statements of purpose as regarding future federal-provincial activities in regional development. Statements of purpose by themselves are not sufficient however. In this regard, Heclo advises:

The term policy needs to be able to embrace both what is intended and what occurs as a result of the intention. One can therefore suggest that policy should be operationally identified not by its goals, but by the actual behavior attempting to affect the goals.

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24 N. H. Lithwick has hypothesized that to some extent the entire Canadian economy is integrated across provincial boundaries. In his article, "Is Federation Good for Regionalism," *Journal of Canadian Studies* (Summer, 1980), p. 68, he writes, "the Canadian economy is such that spillovers beyond provincial boundaries are a virtual certainty."

This understanding of policy allows the analyst to set the limits and to define what will constitute policy. Throughout this study then, both the GDAs and the signed subagreements will be taken as statements of policy as far as federal regional development activities are concerned.

It is also important to note that the terms 'policy-making' and 'decision-making' will be used interchangeably. Policies are expected to be pro forma plans of action on a short or longer term sequence of problems. As Lerner has argued, when these plans are made, they are synonymous with decisions.\textsuperscript{26} Rowan has also equated policy-making with decision-making, describing them as "settling of what it is we want to do and of the broad means by which we hope to do it."\textsuperscript{27} To some degree the matter revolves around semantics, and rather than attempting to split what is a very subtle distinction even to the most rigorous minds, the expressions will be equated.

The term 'comprehensive' will be employed repeatedly in relation to the nature and extent of the analysis supporting the subagreements. It is one of the key elements of the cognitive dimension of policy-making. As the analysis becomes more comprehensive, the balance will shift to the synoptic end of the cognitive dimension; as it becomes less comprehensive, the balance will shift to the incremental side. The question arises, what constitutes a 'comprehensive' analysis for purposes of formulating regional policy? Without some guidance in measurement, the


term has little analytical value. This guidance will come from both the DREE litany on the topic and from the literature on regional economic development. It may be helpful to mention the DREE perspective at this point.

DREE documents generally take comprehensive analysis to mean a movement away from an individual problem focus to a broader area focus with the consideration of the interrelationships in the regional economies.28 Furthermore, a comprehensive (or also used interchangeably with 'synoptic') approach will incorporate an analysis of the "stock of regional capital,"29 i.e., the human, natural, social and industrial resources in whatever territorial focus it chooses.30 Thus, comprehensive implies both an extended territorial treatment as well as a thorough analysis of the variables in the regional development equation.

The comprehensiveness of the GDA approach was outlined in the DREE policy review of 1972-1973:31

- a broad analytical and program framework, not limited to narrow programs focussed on problems;
- explicit development strategies for each province with agreements designed to allow coordination of all relevant government policies and programs and private sector investments;

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28 For example, see DREE study, "Féderal-Provincial Fiscal Relations" (Ottawa: Policy Analysis Division, May 20, 1980).
30 Ibid., pp. 30-45.
- extensive participation by OGDs in subagreements as well as provincial and private agencies.

In the words of one of the leading architects of the GDAs:

The approach made it possible to take into account the regional impact of national policies and involve other federal and provincial departments concerned in establishing and implementing regional development programs....This approach makes it possible to combine national programs and objectives with specifically regional measures in pursuing the goals of regional economic development....It can bring about a large measure of convergence between the economic development goals of the two levels of government.\textsuperscript{32}

The GDAs have attempted to put an economic framework around the decision process. By identifying the areas of comparative advantage for the provinces and the regions, the GDAs are expected to provide the analytical framework within which development opportunities are analyzed and supported.\textsuperscript{33} Clearly then, a comprehensive regional development policy, as envisaged by DREE, would account for the major factors determining the economic potential of a region. These factors would include the resource endowments, the industrial structure, the spatial environment in terms of industrial concentration and degree of urbanization, and the industrial and political 'climate'. These are examples of factors which, when taken together, "generally determine the rate at which regions grow relative to one another."\textsuperscript{34}

\textsuperscript{32} Mark Daniels, "The Political Arithmetic of Canadian Regionalism," paper prepared for The International Seminar in Public Economics (Toledo, Spain: September 6-8, 1979), pp. 22-23.

\textsuperscript{33} Ibid., p. 29.

\textsuperscript{34} Ibid., p. 33.
From the foregoing it will be apparent that whatever else can be said about a comprehensive or synoptic approach to regional policy, that approach ought to include an extensive multiprovincial, multidepartmental and multisectoral focus. This synergism arises through the variety and range of factors which influence the pace of regional development. Also, the complexity increases as projects become larger and as one spatial area blends into another.

It follows from the above discussion that one of the essential means in a federal system for establishing and delivering a comprehensive regional policy is an appropriate degree of coordination—coordinating processes that extend beyond provincial boundaries, that include other federal departments and that introduce a broad range of sectoral analyses. This broad perspective might then be reflected in the policy statements, i.e., in the subagreements. As will become apparent in the subsequent analysis, herein lies the connection between the cognitive and the coordinating dimensions of the regional policy process. And this study is an effort to explore the depth and breadth of this connection.

The final terminological issue on which some preliminary comment will be made is that of coordination. The term of coordination has become widely used—and perhaps just as widely misused—describing a host of administrative conditions and processes. The definitional problem seems to lie in the fact that so much of what organizations do may be aimed at harmonizing their activities with those found in their environment. But this does not help to isolate the specific activities that account most for a well-coordinated policy or program. In other words, the term is very often applied without sufficient analytical
rigour to allow meaningful conclusions. This study not only attempts to distinguish between forms of coordination but also to determine the two-way relationship between these forms and the cognitive processes of policy-making. Much more will be said about each of these processes as this work proceeds.

Taken generally, coordination can include "all those measures that lead to an agreement among the decisions of several decision-making bodies in that the decisions serving a particular goal are compatible with or attuned to the achievement of a common aim." Coordination is seen as a linking, harmonizing and integrating process.

Most definitions of coordination have a similar abstract ring to them. Although the general nature of the activity is understood, it would be very difficult, on the basis of this understanding, to identify, let alone distinguish between, forms of coordination. For the purposes of this study, coordinating processes will be given definite operational characteristics. The characteristics will be drawn from the extensive literature in this field. Once a more pragmatic and useful appreciation of coordinating processes is in place, then the analysis will focus on the experience in the subagreements. The identical approach will be employed in presenting the dimensions of the cognitive process. The analysis will consider the coordinating and cognitive activities which are undertaken; those which the GDA approach anticipated would be undertaken; and those which analysts, students and informed observers of regional policy feel ought to be undertaken.

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35 Austrian Regional Planning Conference, "The Legal Standards for the Planning and Coordination by the Public Sector in the Field of Regional Policy," paper No. 6 (Vienna, 1975), p. 22.
1.3 Expected Contribution

This study is divided into the following chapters: Chapter II presents the analytical framework used in the analysis of the policy process. Chapter III examines the GDAs, tracing the approach as it evolved, with particular emphasis on the economic, political and administrative rationale for the Agreements. Employing the framework introduced in Chapter II, Chapters IV and V contain the analysis of the subagreement process as observed in British Columbia and Saskatchewan, respectively. Chapter VI presents the results of the research, examines some of the implications, as well as compares findings with those reported for New Brunswick. Research conclusions will be reported in the final Chapter VII.

The process of federal regional development policy-making offers a unique topic for the study of public policy-making. The process involves the quite visible role of the bureaucracy, a role which is played out in a decentralized organization. With this focus, the research provides insights into the internal aspects of public policy; for example, the involvement and role of personalities and leadership, the power arrangements, the formal and informal procedures, the role of politicians and the linkages with the rest of the public and private sector. Considering these elements, the analysis will point towards the sources of the input to the decision-makers and the cognitive and coordinating processes that are involved in dealing with that input. The study will facilitate an assessment of the capability of the current federal policy process to satisfy the objectives which DREE and the provinces have espoused through the GDAs. Thus, the research addresses the effectiveness of federal regional policy. Effectiveness of policies will be
judged not only on "their intrinsic quality for dealing with a problem, but also on a minimum of consistency between policies"\textsuperscript{36} and, as well, by the extent of coordinated activity that surrounded their make-up.

Much of the analysis of Canadian public policy is directed toward the impact of legislation. Interest has not been as high in examining the administrative linkages that lie behind that impact and legislation. Improvement of government output may be achieved in part through reform of the processes that generate that output. This study represents an effort to identify, in a systematic way, certain aspects of the policy process which should be subject to reform.

The regional development policy process is an important issue in an important area. The process may well have implications for administrative organization and management, on political control, on democratic responsibility and accountability, on the dynamics of federal-provincial relations and on the future trends in regional policy in this country. Canada is a nation struggling to deal with very strong provincial loyalties and a weak sense of national identity. Regional economic development must be considered relevant to this struggle. In fact, serious and fundamental questions emerge from the GDA approach to regional development: Is there an unwitting tendency to give even more prominence to the provinces thereby further obscuring the national role in regional development activity? Does the GDA approach help to consolidate provincial power? If so, which implications arise for the future development of the economic regions in this country? This study seeks to deal with these questions.

CHAPTER II

THE ANALYTICAL FRAMEWORK

This study plans to describe and analyze the federal regional development policy process. As process analysis, the study can expect to encounter very complex and only partially understood situations. In this regard, Sharkansky writes:

The variety of interests that are brought to bear on the decisions of most agencies and the variety of functions, resources, personnel and clientele that one finds among agencies are likely to create marked differences in the ways that agencies make their decisions.

The policy process is multifaceted, it is unpredictable, it is diffused in both time and space, and it is very often obscured. In order to make a study of the process meaningful and manageable, an analytical framework, or model, must be employed which will insist on a consistent and systematic treatment of the myriad variables encountered. An analytical framework will provide a background of similarity against which differences in the policy process can be recognized and treated consistently. This chapter will construct that analytical framework, or model, after some brief prefatory remarks.

1Sharkansky, op. cit., p. 47.
Several steps need to be taken in the proper development and application of the framework. The major selection criteria include the special features of process models, their advantages or disadvantages and their suitability for subsequent application to the subject matter. Once the model is thoroughly understood, the analysis can proceed with detailing the relationship between elements of the framework and the policy process being examined. This analysis will be the subject of Chapters IV and V.

2.1 Choosing the Framework.

Before presenting the detail of the framework, it is important to explain the particular value of process analysis and the selection of the model:

2.1.1 Process Analysis

Neither policy nor the process by which it evolves can be thought of as scientifically precise. The absence of precision, however, does not preclude the fact that process models can have an important role in organizing information and explaining the dynamics of selected activities. Well conceived models can "provide ways of organizing the case histories of experience and relating them to characteristics of new situations." 

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Such models can be a significant aid to recognizing associations and similarities among data and linking them into a systematic whole.

Flowing from the aforenoted organizing function, process analysis can also serve heuristic purposes. Once experiences have been organized around consistent themes and once the interplay among those themes is recognized, the opportunity for making further discoveries about the process is enhanced. Process analysis lays its emphasis on the participants in policy-making sequences and on the kind and quality of relationships that exist between sets of participants. These internal aspects of public policy have become the focus of increased interest in light of their influential role. In this regard, White and Strick comment on the importance of internal administrative systems:

No longer is the dichotomy between politics and administration an operational or practical political fact. Administrative policy making, where the initiative comes from within the system itself, has tended to replace the classical order.

To carry through with an analysis of these internal systems, attention must be devoted to key individuals and to parameter-shaping events. "The analyst must," according to Rosenau, "ascertain who made the key decisions that gave rise to the action and then assess the intellectual and interactive processes whereby the decision-makers reach their conclusions."  

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This is the logic behind process theories of public policy-making and it is on this logic that the analytical framework of this study rests.

The organizing and heuristic capabilities make process analysis an important tool in formulating and delivering public policy. By employing process analysis, elements of both organizational structure and process can be subjected to more conscious design. Mead suggests this critical analysis has been lacking in the public sector:

Public officials usually have made decisions about institutional arrangements without benefit of systematic analysis. The staff work, if any, is usually closer to political intelligence than real analysis.

There are some other aspects of policy which point to the usefulness of process analysis. Policy can be seen as emerging from a "long series of more-or-less related activities," as opposed to any discrete decision. Policy can involve a whole set of decisions which cannot be understood without including the context in which they were made. To get a grasp on policy then, requires investigation of both that series of activities, that set of decisions, and their context. This makes it an investigation of process.

Not only will process analysis reflect the dynamic nature of policy-making, i.e., the time dimension, and analyze the context in which policies are made, it will also focus attention on the individuals engaged in policy-making: individuals who by their knowledge, experience and personalities may be "the most important of the inputs that

7Mead, op. cit., p. 27.

determine the quality of all phases of policy-making.\textsuperscript{9}

\textbf{2.1.2 The Process Framework and Regional Development Policy}

A well constructed model will have the advantages of being open and adjustable. New steps and new influences can be introduced to the framework without violating the logic of what already exists.\textsuperscript{10} For regional development, this means that as policy-making shifts its focus, territorially and sectorially, the same model can be employed and adapted to the new situation. Regional policy deals with a vast array of subjects, and in any one setting 'new situations' will predominate. A process model will also be capable of measuring relative degrees of difference between subject matters. In a milieu with the variety of regional policy, this feature is indispensible.

The analytical framework is also important in identifying and emphasizing the relationships between the various actors in the process. A decentralized organization such as DREE creates numerous 'leverage points', points at which substantial influence in policy can be exerted.\textsuperscript{11} These points in their aggregate can become an intricate web of relationships. An effective process model can make some sense of that web.

Another important advantage of a process model is its ability to segment aspects of the process that may be of special interest or may be

\textsuperscript{9}Drör, op. cit., p. 56.

\textsuperscript{10}Rose (1973), op. cit., p. 74.

seen as the subject for further study. The major aspects which are of special interest to this study of the regional policy process are the coordinating and cognitive dimensions of that process. As has been expressed, both dimensions are important to the development of regional policy and need specific study. Regional development policy cannot be understood just by analyzing discrete sets of outputs, for example the subagreements; there is a distinct longitudinal character to regional policy, a character that is defined by the way the coordinating and cognitive roles are played out. By viewing policy-making along different continua, with distinct dimensions, this dynamic character can be portrayed.

2.1.3 Criteria for Selecting a Model

Deutsch has expressed the thought that in the social sciences all analytic work is primarily tied to judging the relevance, the realism and the appropriateness of models. 12 Relevance, realism and appropriateness, then are some criteria that can be engaged in selecting an analytical framework.

The relevance of the model relates to its capacity to match important elements of the empirical process. 13 That is to say, the model must highlight crucial aspects of the actual policy process that is being analyzed and must be sufficient in scope to allow for a range of additional situations. The model employed in this study fulfills these

12 Deutsch, op. cit., p. 43.
13 Ibid., p. 11.
functions with respect to regional policy, particularly regarding coordinating and cognitive activities. A great deal of stock was put in DREE as a coordinating agency in regional development. In fact, DREE was established in 1969 to overcome the problems of coordinating the various regional programs that had emerged in the 1960s. Similarly, a great deal of stock has been put in the new GDA approach as a means of introducing a comprehensive methodology to the development of regional policy.

A second criteria for selecting the model relates to the realism of its assumptions. The model must avoid structuring the analysis in such a way that the realistic situations become a special case. This question of realism is especially important when the focus of the study is on intellectual and interactive--cognitive and coordinating--processes. Assumptions can be built around these processes so that they become isolated and obscure and fall outside of any operational context. In the introductory chapter, it was stressed that the analytical framework would, as much as possible, reflect the attainable rather than the hypothetical. As the next several sections of this chapter will show, the dimensions of the framework can be presented in pragmatic terms and not in terms of utopian aspirations.

A third criteria, which in itself implies many others, is appropriateness. The model should be essentially simpler than the situation it models. The choice of the two constituent continua of the analytical framework, with set limits, seems to meet the objective of simplicity.

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Also, the model should possess some 'combinatorial richness', that is, some ability to recognize a diverse range of patterns and to generate associations based on these patterns. Here, the model presents continua with sufficient latitude to include activities on a variety of policy issues in a number of settings. Nowhere is the assumption made that the policy process operates identically in all problem areas. In fact, it is this careless assumption which this study sets about to dismember.

The above criteria, in total, point to a model which is readily adapted to a multifaceted setting; and one which can portray that setting with a measure of simplicity while maintaining its usefulness as an analytical tool.

2.2 The Basic Dimensions of the Model

To reiterate, the purpose of presenting a model is to aid in determining how the coordinating and cognitive functions were handled in the development of federal regional policy. In this section, each of these functional processes will be described in detail, not as abstract concepts, which has tended to be the flavour of discussions to this point, but as phenomena with definite operational characteristics. By identifying the operational characteristics of each of the major points on these continua, their dimensions will be better understood; and equally important, these characteristics will be recalled in the analysis of the subagreement process and will be important measurement

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15 Deutsch, op. cit., p. 17.
criteria in reaching conclusions about that process. The important questions can be stated simply: How were activities actually coordinated? How was information generated? By which means and to which extent were information and analysis incorporated into the policy decisions?

In presenting a framework into which the above questions will fit, it is important to remember that the dimensions of the model will not be neat and 'water-tight'. No sharp line can be drawn, on the one hand, between incremental and synoptic analysis nor, on the other hand, between bargaining and centrally controlled processes. The differences will be ones of degree.

The basic framework is drawn substantially from the writing of Lindblom and Swainson. Swainson has extracted the two themes upon which the framework rests:

One involves the range of means whereby decision-making actions are coordinated. The other concerns the range of styles or techniques used both to perceive problems and to gather, analyze, interpret and 'apply' knowledge or insight to their resolution. The former may be designated the coordinating process and the latter the cognitive one.

This policy-making analytical approach can be summarized in the following schema, with each process having a corresponding continuum:

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17 Swainson, op. cit.

18 Ibid., p. 288.
2.2.1 The Coordinating Process

"Coordination," according to Watson, "has come to occupy a central place in the preoccupations of governments with their own functioning in the past decade." This preoccupation arises from the notion that effective coordinating processes somehow contribute to the much sought after consistency and rationality of government decisions.

Coordinating processes have been shown as lying on a continuum from the extremes of central control to that of bargaining and negotiating. Before each of these are described in more detail, it is important to note some of the characteristics that help to identify coordinating processes.

Coordinating processes can be both of a vertical and horizontal type. Vertical processes concentrate on coordination within the organization. In the case of DREE, this would involve the various provincial and regional offices along with the headquarters office. Horizontal

\[\text{19 Watson, op. cit., p. 463.}\]
processes concentrate on coordination between these offices and other departments and governments, and would involve inter- and intrasectorial coordination as well. This latter provision is to ensure the appropriate linkages between program activities. This study will consider all of these applications.

Coordinating processes can also be directed toward different objects: toward policies and programs, and toward individual projects. The focus of this study is largely on coordination of policies, i.e., the activity which surrounded the development of subagreements. The reason that subagreements are accepted as policy stems from their presence as "parameter-shaping acts which one takes most seriously, which are presumed most difficult to arrive at, and at the same time most difficult and most important to study."

The dimensions of the coordinating process will now be described, beginning with central control. Coordination is centralized to the degree that there exists one policy-maker: an individual and/or a committee or executive/management board, i.e., any source of direction that speaks with a single voice. This policy-maker is in a symmetric control relationship with every other component in the organization and much more powerful than others, allowing for control through information and analysis. Importantly, this policy-maker explicitly sets about to adapt policies to one another. In other words, central control can be seen in the extent to which there is a central focus in the organization

\footnote{Bauer and Gergen, op. cit., p. 2.}

\footnote{Lindblom, op. cit., p. 105.}
expressing and, to a significant degree, enforcing the collective good.

Some specific indicators of central control become apparent when an aggressive effort is made to ensure consistency in policy across the country; when politics are conceived in light of a broad survey of territorial and sectorial interrelationships; when there exists a consistent bias in policy, focussing, as an example, on cost per job estimates across the country; and when there are criteria and guidelines, generally available and understood, which govern policy-making in other areas of the organization.

It is important to stress again the unlikelihood of absolute central control. Society, or in most cases its institutions, never reaches the point at which the actions of its members are completely centralized or completely decentralized. More will be offered on this point in Section 2.3 of this chapter.

Turning now to coordination through either bargaining or negotiating, this type of coordination is made necessary because participants may possess independent sources of power in the form of control over resources and information or because of the existence of vague mandates among the participants. In these circumstances, hierarchical controls may still exist, but they cannot ensure that the preferences of the central authority, or indeed of any superiors within an organization, will automatically prevail.

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Just as a hierarchical organization structure is not a sufficient condition for central control, the position of DREE within the federal government and the position of the national government within the federation itself also offer no assurance that there will exist hierarchical control in any context. This is especially so in the field of regional development. Under those conditions, the basis for intergovernmental and interdepartmental coordination rests substantially on bargaining. This has been noted in numerous studies of federal-provincial relations and of regional development policies.24

In the absence of pure hierarchical control, policy may emerge from a complex process that involves coordination through persuasion, mutual exchange of promises, information and knowledge: a process in which policy-makers pay explicit attention to one another and seek a joint approach to their shared problems. They accept the fact that power must be shared. Bargaining in the realm of regional development, with its shared problems, can be seen in the usage made of various devices. Persuasion might be seen in resorting to quantitative arguments; authority might be reflected in threats to withdraw from the joint process and in the manipulation of cost-sharing ratios; and appeals to convention might be seen in the referral to past federal-provincial practices. In a traditional bargaining mode, these devices would be played out in a pattern involving a proposal, a response and then a re-proposal.

24See, for example, R. Simeon, Federal-Provincial Diplomacy (Toronto: University of Toronto Press, 1973); Careless, op. cit.; Savoie, op. cit.
Again, as with central control, it is not realistic to expect unfettered bargaining to be the sole means of coordination. That is why a continuum is a most appropriate representation of these processes.

2.2.2 The Cognitive Process

The other major aspect of the analytical model attempts to describe the intellectual response of policy-makers to complexity. Do they respond to problems in a synoptic way and try fully to understand them, or do they proceed according to the quite familiar sequential steps of incrementalism? The answer to this question will depend heavily on the way policy-makers define their problems, the way they seek and analyze information, the way they address alternatives and the way they settle upon solutions.

The dimensions of the cognitive process will now be described, beginning with synoptic analysis. At the very outset, the point should be made again that the model does not attempt to impose notions of classical rationality. Since "pure-rationality policymaking is in fact impossible," its use as a 'straw man' in the analytical framework would belie the attempt to employ an objective, realistic and yet useful model.

Classical rationality implies that policy-makers depend on the following: a complete ranking of goals in a hierarchy from most to least preferable; a complete ranking of means to attain those goals, from most to least effective; a complete ignoring of the costs involved in reaching decisions (including also costs of information gathering and analysis and

25 Dror, op. cit., p. 133.
of implementation); and a complete data and information bank. Herein lies a methodology "almost rustic in its innocence and simplicity."

In the formulation of regional development policy, this classical notion of synoptic analysis would be quite meaningless. There are clear examples in this policy field of what Rondinelli described as primary and secondary uncertainties which limit the potential for synoptic analysis. Primary uncertainty arises from the lack of information about surrounding conditions. It can exist, for instance, in the potential changes in political masters at both the federal and provincial levels, in the conjecture about financial resources and in the fact, moreover, that there is "no absolute certainty in economic knowledge."

In regional development, it is not always possible, feasible, or especially informative to examine all investment alternatives in all locations under all circumstances.

Secondary uncertainty arises from the decisions being made by others, the 'pre-emptive strikes', over which the policy-maker has no control. This poses a distinct problem in regional development. Not only must there be an accounting for decisions made by the various governments in their own spheres of competence, but also for the investment decisions made by the private sector and for those made in the international market place.


What then will constitute an operationalistic meaning for synoptic analysis? Frohock suggests some important background conditions: the presence of policy alternatives, even if severely limited; policy-makers with the freedom to select from alternatives; and decisions based on objective information. These conditions imply a high degree of control over the policy and the time and the wherewithal for extensive information gathering and analysis. Quade offers some additional criteria: well clarified objectives for the policy exercise; the consideration of problems in their aggregate including spillovers, distributional impacts and other externalities; the explicit recognition of uncertainty; and the use of quantitative procedures. To underline again the practical orientation of this study, the use or nonuse of quantitative procedures will not be taken as a definitive comment on the degree of synoptic analysis. Stressing this point, Gathrop notes on synoptic analysis:

The analysis is by no means limited exclusively to the use of quantitative data. Intuition, common sense, logic and educated guesses are frequently relied upon, but in each instance these techniques are clearly defined and made completely explicit.

There are some aspects of the regional development policy process that when combined with quantitative analysis tend toward a comprehensive approach. These include: the extent to which subagreements are linked

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to other federal and/or provincial initiatives; whether policy decisions are made before or after the analysis is complete; the extent to which resource constraints affect the analysis; the focus of the analysis; the standards for analytical work; and the clarity with which the whole policy exercise was pursued. The basic guideline expressed here is the extent to which policy-makers attempted to come to a full awareness and understanding of the problems before them, and the extent to which that understanding is reflected in the policy statements. These established standards are not onerous, they are achievable.

Turning now to incrementalism, which is extensively described by Lindblom, this notion of approach to policy-making has been widely discussed and accepted. Its main themes are quite familiar to students of public policy.

Essentially, the incremental policy-maker recognizes the complexity of problems and the substantial costs involved in data gathering, analysis and implementation. Owing to these factors and others, he prefers to deal with problems in 'manageable' portions, i.e., he ignores the range of hypothetical choices and chooses instead to focus on choices only marginally different from those currently in place. The effort is made to cope with problems rather than necessarily to solve them. The political feasibility of policies, rather than their pure logic, tends to be stressed.32 Other characteristics include the view that, ideally, the organization should be responsive rather than 'dirigiste' and, to

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accommodate that, ought to be decentralized. As for policy analysis, incrementalism will stress timeliness of decisions rather than thoroughness. If pressed with a choice, "incrementalism assumes that the costs of analysis and delay are greater than the costs of error."\textsuperscript{33} Analysis will become only one tool in the policy-making process, and very often, because of resource constraints, vague objectives or perceived complexity, information is derived simply from "imagination stimulated by experience."\textsuperscript{34}

Another basic characteristic of this approach is the awareness and support of checks and balances existing elsewhere in the system. These checks are seen as essential to cope with the inevitable errors and omissions in incremental policy-making. Just as was the case with synoptic analysis, there are certain aspects of the regional development policy process constituting \textit{prima facie} evidence of incrementalism: for example, explicit attempts to limit policy alternatives; the cursory analysis of only some of the impacts of those alternatives; and the distinct remedial and partial nature of the policy decisions which are made. It should be apparent that the above-noted characteristics are not those which the GDA approach to regional development sought to nurture. It is very much for this reason that an understanding of cognitive processes is central to any judgements which are made about contemporary federal policy in this area.

\textsuperscript{33}Idem.

\textsuperscript{34}Lindblom and Braybrooke, \textit{op. cit.}, p. 84.
2.3 Refining the Model

The analytical framework presented thus far shows two continua each with discernible end dimensions. This implies perhaps a too stark and simplistic view of the process of developing public policy. The model ought to be refined to permit judgments of the subtle changes in coordinating and cognitive processes which may be encountered in moving from one issue or one jurisdiction to another. The variety of political life ought to be reflected in the analytical devices used to study that life. Deutsch has pointed out this need:

Political scientists have found it increasingly hard to test content with partial models of isolated traits or situations. Increasingly, they have found themselves in need of models capable of representing the behavior of whole decision systems.\(^{35}\)

With the variety of issues available, the wide range of interests affected and the number of participants, the regional development policy process is likely to demonstrate a remarkable diversity. Without refining the model, that diversity may not be appreciated. Also, in moving toward a refined model, its organizing and heuristic functions are enhanced, and new associations are introduced. Perhaps the most compelling reason for introducing new elements, however, lies in the fact that no one set of elements is likely to be observed in any absolute sense.

Dealing first with the dimensions of the coordinating process, instances of unencumbered central control will be rare in a pluralist society and, by extension, will be rare in public bureaucracies. Any

\(^{35}\)Deutsch, op. cit., p. 16.
assumptions of total organizational control from the center must be tempered, as Schultz has found:

Conflict and competition among individual officials is endemic and pervasive in a bureaucracy because of the different roles such individuals must perform. Competitive interests must be reconciled, and this is attempted through a complex bargaining process within government in which the participants possess different sources of power. The fact that no one can dominate the other participants is what necessitates the internal bargaining....The basic weakness of the argument of strong central control is its extreme generality.36

Furthermore, assumptions of such strong control in an intergovernmental setting have also been undermined. Simeon in his seminal account of intergovernmental relations in Canada comments:

Governments must somehow coordinate their policies not simply to avoid frustrating each others' policies but also jointly to make overall policies for the nation. Neither central nor unit governments have hierarchical controls over one another. Coordination between them cannot take the form of 'authoritative prescription'.37

One can be no more sanguine about the existence of unrestricted bargaining, the other end of the continuum, than is the case with central control. As Lindblom and Braybrooke describe the bargaining process, it requires the expression of points of view "without formulating definite rules of prescription or prohibition."38 But within any setting of intergovernmental bargaining or negotiating, there will be guidelines and prohibitions. The clearest example, as Simeon has shown, may be in constitutional arrangements:

36 Schultz, op. cit., p. 27.
37 Simeon, op. cit., p. 4.
38 Lindblom and Braybrooke, op. cit., p. 98.
In the short run at least (such arrangements) do provide the framework within which decision-makers operate. They are an essential part of the environment, and should therefore help to shape the behavior of decision-makers.\textsuperscript{39}

Other factors which might broadly be termed political resources will also circumscribe the bargaining activity of policy-makers. These include the existence of regional loyalties and the patterns of economic, social and political diversity and, indeed, "functioning of legislatures, courts and the party system."\textsuperscript{40}

Intergovernmental bargaining is also subject to budgetary controls. Careless, in his analysis of the federal response to regional disparities, has observed the restrictions placed upon federal bargaining capabilities through new techniques of budgetary control.\textsuperscript{41} It can be contended that as long as there are limited financial resources there will be constraints on bargaining.

It has been argued to this point that neither of the pure extremes of coordination, that is, central control nor bargaining, can fairly represent all the behavioral options open to policy-makers. A dimension must be added to allow for intermediate forms of coordination, and to portray the presence of a continuum, rather than an either-or situation.

In the consequent refinement of the model, it is possible to identify an intermediate point in coordinating processes. Arising from

\textsuperscript{39} Simeon, op. cit., p. 7.
\textsuperscript{40} Ibid., p. 13.
\textsuperscript{41} Careless, op. cit., p. 137.
the bureaucratic style of life itself, Eckhoff and Jacobsen suggest, “decisions must not be made with reference to the particular case at hand, but as much as possible in relation to general rules, connecting certain well-defined consequences to certain well-defined features of an action.”42

Perhaps the best description of the above-noted ‘coordination through rules’ and through routines or standard operating procedures comes from Allison.43 His term of ‘organizational process’ describes the behavior of policy-makers who are influenced by, but not substantially controlled from, the center, who also seek to avoid uncertainty and to regularize their actions through the use of programmed, pre-established routines, and who seek to develop and observe criteria and, clear guidelines for their coordinating activities.

Routines can be employed to specify the importance of certain facets of the policy process; to identify levels where decisions will be made and to provide explicit checks and balances as the process evolves. The procedures, which can be both formal and informal, tend to rigidify the process and constrain flexibility. Thus, in the use of procedures (rules and routines), coordinating processes can achieve a medial point between central control and bargaining.


43Graham Allison, "Conceptual Models and the Cuban Missile Crisis," American Political Science Review, Vol. 63 (September, 1969); and also his more extensive study, Essence of Decision: Explaining the Cuban Missile Crisis (Boston: Little, Brown and Co., 1971).
A similar effort can be made at refining the cognitive process. To recall, the dimensions of this process consist of the extremes of synoptic analysis and incrementalism. These extremes can be criticized as suggesting, in the case of the former, impossible rigour and, in the case of the latter, a concept which is too general for analytical purposes. It should be sufficiently clear from earlier remarks that synoptic analysis, in its purest form, is an unrealizable ideal. An effort has been made to couch the ideal in terms which more readily reflect the real world, thereby making it more realistic, but nonetheless it remains demanding.

As far as the opposite dimension, incrementalism, is concerned, it is not particularly sensible to expect policy-making to be little more than the potential morass of incrementalism, without any goal orientation, without intensive questioning on some issues, and without ever 'solving' anything. Some form of analysis does indeed occur but very much under the constraints of time, costs and related elements.44

Anticipating the problems of being confronted with only synoptic analysis or incrementalism, Etzioni has offered an intermediate dimension to the cognitive process, one he terms 'mixed-scanning':

Mixed-scanning reduces the unrealistic aspects of rationalism by limiting the details required in fundamental decisions and helps to overcome the conservative slant of incrementalism by exploring longer-run alternatives. The mixed-scanning model makes this dualism explicit by combining (a) high-order fundamental policy-making processes which set basic directions,

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and (b) incremental ones which prepare for fundamental
decisions and work them out after they have been reached. 45

Using this approach, a more comprehensive analysis would be conducted on
some issues, with a more cursory and truncated review of others. Numerous
factors will help determine the balance or the mixture between the two.
A comprehensive approach may be invoked when scanning for future threats
or dangers, when seeking methods of improving policy delivery, and when
conducting policy evaluations. A much less intensive cognitive effort
may be appropriate in familiar circumstances, where the need for action
supercedes that for thorough analysis. Mixed-scanning is an intellectual
and operational concession to a fast-paced complex environment. It
"provides a procedure for the collection of information, a strategy about
the allocation of resources and guidelines for the relation between the
two." 46 It is neither fully incremental nor synoptic or rational.

If mixed-scanning of some order does occur in the development of
regional policy, it will be interesting to discover which policy issues
trigger the more or less comprehensive types of analysis and which areas
of the DREE organization participate most.

In light of the foregoing considerations, the analytical framework can now be defined in the following way:

45 Amitai Etzioni, "Mixed-Scanning: A Third Approach to Decision-
p. 385.

46 Ibid., p. 389.
the coordinating process

central control  procedures  bargaining (negotiating)

the cognitive process

synoptic analysis  mixed-scanning  incrementalism (rational approach)

It is important to note that the structure of the model as presented above does not imply that the coordinating and cognitive dimensions must necessarily be maintained in this sequential order. In fact, differentiation in sequence is not material to the analysis.

2.4 Interlinkages in the Analytical Framework

From the established and refined analytical framework the question now arises as to how it will lead to a better understanding of the making of regional development policy. The answer lies in the apparent relationships which exist between the various components of the model. It should be emphasized that the relationships which are discussed are not necessarily causal but do suggest such tendencies, the awareness of which may expand an understanding of social systems. "Political scientists can very well seek out and test possible regularities and probabilities," writes Deutsch, "without becoming entangled in the metaphysics of any absolute causality concept." 47

47 Deutsch, op. cit., p. 13.
Turning to the refined model, relationships between its dimensions will be abundant. Swainson in his study observed "a multitude of non-static interrelationships between hierarchy, bargaining, synopsis and incrementalism."\footnote{Swainson, op. cit., p. 294.} The framework presented here has added two intermediate features, one within each continuum, and there is the likelihood that additional 'non-static interrelationships' can be shown to exist. Etzioni has in fact provided some inaugural insights, pointing out a possible connection between mixed-scanning and the coordinating control capacities of policy-makers. He suggests:

An actor with a low capacity to mobilize power to implement his decisions may do better to rely less on encompassing scanning; even if remote outcomes are anticipated, he will be able to do little about them. More generally, the greater a unit's control capacities the more encompassing scanning it can undertake.\footnote{Etzioni, op. cit., p. 391.}

Other relationships have been suggested between the coordinating dimension and the cognitive dimension. Lindblom contends that under central control the cognitive bias would be toward a full survey of important interrelationships, i.e., toward a synoptic analysis.\footnote{Lindblom, op. cit., p. 167.} However, since policy-makers will encounter problems in applying synoptic analysis, they may themselves push the cognitive component of policy-making to the incremental end of the scale. Clearly, this push will pass through mixed-scanning along the way.
Central control matched with synoptic analysis, and bargaining matched with incrementalism, have long been explored as relationships in policy-making. Gawthrop writes of the global, centralist perspective of the synoptic analyst and the orientation of the incrementalist whose "search for agreement is preceded by a bargaining-negotiating-compromising process whereby all alternatives are reshaped into a composite policy."\(^{51}\) To describe further these relationships, bargainers can find synoptic analysis disturbing and may seek to limit its use and move more to incrementalism.\(^{52}\) This contention is supported by Rondinelli whose 'interaction processes' of bargaining and negotiating are entirely consistent with incrementalism.\(^{53}\)

Some writers have also hinted at a connection between incrementalism and coordinating through procedures. Frohock counsels that incremental processes will be found to operate with established procedures, ensuring the required checks on policy and ensuring that costs are considered.\(^{54}\) Allison points out some behavioral implications. He notes that where coordination occurs through procedures, explaining an organization's behavior will be a matter of analyzing behavior in adjacent time periods.\(^{55}\) This is the embodiment of incrementalism. It should be noted though that incrementalism has been linked to the absence of prohibitions.

\(^{51}\) Gawthrop, op. cit., p. 61.

\(^{52}\) Swainson, op. cit., p. 294.

\(^{53}\) Rondinelli, op. cit., pp. 191-199.

\(^{54}\) Frohock, op. cit., pp. 57-61.

\(^{55}\) Allison (1969), op. cit., p. 702.
and procedures and that it prefers the flexibility of 'themes of concern' instead.\textsuperscript{56}

The debate over the actual use and impact of procedures has special relevance to regional development policy. The existence of programmed and pre-established routines \textit{may} serve as convenient limits on the intellectual processes of policy-makers, thus encouraging incrementalism. In the field of regional policy, however, the absence of an accepted theory of regional development has frustrated any attempts to deal in pre-programmed and standardized policy. Procedures governing policy are difficult to put in place when the entire basis for that policy consists of disjointed and untested hypotheses at best.\textsuperscript{57}

The question arises as to whether cognitive processes move steadily or intermittently toward synoptic analysis as problems become more esoteric and as the theoretical base for policy weakens. If incremental processes depend upon connecting well-defined consequences to well-defined features of policy, policy-making in regional development \textit{may} present a hostile environment indeed. It will be interesting to consider other possible effects that a weak theoretical base has on both coordinating and cognitive processes. For example, do policy-makers strive to examine problems on the basis of 'mixing' synoptic and incremental processes? If so, is there any effect on inter- and intragovernmental coordinating mechanisms?

\textsuperscript{56}Lindblom and Braybrooke, \textit{op. cit.}, p. 98.

\textsuperscript{57}See the discussion on this point in "The Problems of Coordinating and Integrating Regional Policy in Federal States," OECD, Working Party No. 6, Vienna, May 1977.
The remarks to this stage have sought to establish the point that there exists a wide variety of fluid interrelationships between central control, procedures, bargaining, synoptic analysis, mixed-scanning and incrementalism. These interrelationships are the product of speculation as much as they are of empirical data. The research into federal regional policy-making, the basis of this study and the subject of the following chapters, will provide more evidence on linkages between the coordinating and cognitive dimensions.
CHAPTER III

THE MATURING OF FEDERAL REGIONAL POLICY: EVOLUTION OF THE GENERAL DEVELOPMENT AGREEMENTS

Before turning to a detailed examination of the coordinating and cognitive processes to be analyzed in this study, it is important to understand the background from which these processes have emerged. This background includes the evolution of the federal role in regional development, the rationale for the GDA approach and DREE decentralization, and the negotiations leading to the GDAs in British Columbia and Saskatchewan.

It will be demonstrated that both the structure and the process of federal policy have followed a discernible evolutionary track leading from isolated unilateral federal programs to the far-reaching federal-provincial stratagem of the GDAs. The GDAs were not an after-thought, as some have suggested, nor were they an astounding departure from past experience; in fact, the GDA approach was a consistent and logical step when viewed in a historical perspective.

The gradually evolving patterns of regional policy have particular significance to this study. The manner in which cognitive and coordinating processes have functioned under the GDA has a heritage in previous federal-provincial contacts. The GDAs evolved differently in each province since they were instituted in different political, economic and

\[1\] Savoie, op. cit., pp. 83-84.
administrative environments. Thus, it is not surprising to find some of these differences reflected in the policy process leading to subsidiary agreements (subagreements).

3.1 Evolution of the Federal Role in Regional Development

There are no explicit provisions in any Canadian legislation which guide the various levels of government in their activities in regional development. Each level of government, federal, provincial and municipal, has assumed some responsibility for economic promotion, for labour force training and mobility and even for longer term economic planning. Governments have been inspired to interfere with market forces in order to improve the regional distribution of economic development and also to control and buffer the economic and social costs of development.

Because the division of responsibilities is so obscured and because governments are eager to preserve and enhance economic growth, the federal and provincial governments have long been engaged in consultative processes and joint decision-making aimed at regional development. The evolution of these processes can be discussed in relation to some important factors which set the stage for change or which played an.

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2Note that this is not intended to be an exhaustive history of federal regional policy but rather an attempt to establish the nature of programming over the years and the extent of federal-provincial involvement. The background to regional policy is well documented elsewhere. For example, see Lithwick (ed.), op. cit.; Careless, op. cit.; Economic Council of Canada, op. cit.

influential role in that change. As the focus of this study is federal regional policy, emphasis will be placed on the role of the federal government.

From Confederation to the mid-1950s, the efforts of the federal government were dedicated to national economic development under the assumption that a strong national economy with appropriate regional specialization and free internal movement of goods would automatically provide for equitable sharing of economic development. 4 Measures employed in this strategy included protective tariffs and provision of access to the resource frontiers, applied, for the most part, unilaterally. With the Depression of the 1930s, it became clear that the assumptions concerning the automatic equalization of development were careless, if not dangerous. The fiscal weaknesses of the poorer provinces prompted the federal government to institute isolated programs to deal with the most severe problems of the day. The Prairie Farm Rehabilitation Act (PFRA) of 1935 serves as a good example of these programs. A chronology of important events in the maturing of federal regional policy is offered in Appendix A.

While the government began to recognize that market forces were not effective enough to bring about a significant reduction in regional economic disparity, there was no systematic or substantive attack on provincial or regional problems. 5 Regional development per se was not yet an objective of government; problems were viewed simplistically in

4 Wégler, op. cit., pp. 9-10.
5 Firestone (ed.), op. cit.
terms of an "unequal incidence of economic collapse." Reliance was still placed on transportation and tariff policies to overcome these economic hardships. The preoccupation with the Second World War and the prosperity which followed put the issue of regional development in somewhat of abeyance until the late 1950s. By this time it was clear that little narrowing of interregional disparities had occurred in the previous century and a half. Transfer policies, principal among them the equalization program begun in 1957, were given new impetus. However, these were not accepted as full prescriptions for curing the ills of regional disparity.

The recession of 1957-61 underlined the well-known economic imbalances in the country. Beginning in 1961, direct regional development programs aimed at enhancing productive capacity were initiated. Examples include the Agricultural Rehabilitation and Development Act (ARDA) introduced in 1961 (renamed Agricultural and Rural Development Act in 1966), the Atlantic Development Board (ADB) of 1962 and the Fund for Rural Economic Development (FRED) legislation of 1966. Under ARDA, regional development plans were developed and then implemented under federal-provincial agreement. The 1966 FRED program undertook to finance regional development plans. These plans were considered as comprehensive integrated development tools and gave rise to numerous mechanisms for cooperation between the federal and provincial administrations.7


7Daniels, op. cit.
committees and sectorial subcommittees were established with representatives from both levels of government. As for the Atlantic Development Board, its plans did not involve prior agreement with the provinces but did involve the provinces in cost-sharing agreements. The provinces of British Columbia, Saskatchewan and New Brunswick were all party to federal-provincial agreements in regional development by the early 1960s. The ARDA and FRED programs were very much problem-oriented, and the regional plan for development which the agreements sought was confined to rural regions suffering most from problems of poverty. Nonetheless, the approach anticipated a far-reaching intellectual and coordinating effort involving "the whole federal-provincial institutional armory." 9

Once the federal government had undertaken to promote economic development more actively, it became apparent that there was considerable overlap of powers and at times even joint jurisdiction between the federal and provincial governments. In such circumstances, cooperative and coordinated policies and programs were an operating necessity for effective government action.9

By the late 1960s, there was some precedence established for active and direct federal-provincial programming in regional development. There was also some program experience that attempted an integrated solution to area problems. Neither the nature of federal-provincial cooperation nor the nature of agreements signed could be considered as


9 Daniels, op. cit., p. 13.
examples of integrated and comprehensive programming. Much of the work was designed and directed by the federal government in Ottawa, and scarcely more than operational implementation was conducted at the local level. It is still important to note nonetheless that the seeds of the GDA were indeed rooted, even though the integrated solutions which early programming promised were not apparent. Furthermore, serious coordination problems began to emerge before the end of the decade.

The aforementioned stage in the evolution of regional policy did not involve highly coordinated and generalized programs and policy. As Appendix A illustrates, there were a large number of programs and agencies competing for attention. Programs began to encroach one upon the other (for example, ARDA and the ADB), and expenditures were not being coordinated towards specific targets. In this regard, the Atlantic Provinces Economic Council wrote:

> By the latter years of the 'decade', there was an agglomeration of development efforts lacking in any general overall direction. The failure of the federal government to establish a development policy for its regions and the lack of coordination among operative programs, both federal and provincial, led not only to a confusion of development priorities, but also to intense competition in industrial attraction both between and within regions.10

The proliferation of programs created coordination problems that the federal government could not contend with. Brewis and Paquet observed in 1968 that "what we have in Canada is a combination of miscellaneous goals defined by a number of agencies informally working in a

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somewhat complementary way but with an almost non-existent unifying and overall direction. With the formation of the Department of Regional Economic Expansion (DREE) in 1969, the government sought to improve the coordination and direction of its efforts in regional development.

3.2 Early DREE Programming

DREE was a response not only to the need for unified action on the part of the federal government but also to the perception that existing programs were not adequate and perhaps not appropriate for solving regional problems. To provide for unified action, DREE assumed the administration of most existing federal regional development efforts listed below:

- Agricultural and Rural Development Act (ARDA)
- Fund for Rural Economic Development (legislation repealed in 1969) (FRED)
- Prairie Farm Rehabilitation Act (PFRA)
- Area Development Incentives Act (ADIA)
- Atlantic Provinces Power Development Act (APPDA)
- Maritime Marshland Rehabilitation Act (MMRA)
- Atlantic Development Board (repealed in 1969 and replaced with Atlantic Development Council) (ADB)
- Newfoundland Resettlement Program (expired March 31, 1976)
- Newstart Program (expired March 31, 1976)

- The Cape Breton Development Corporation
- The Canadian Council on Rural Development.

The ARDA legislation was incorporated into the new organization. The role of PFRA was altered to provide for more infrastructure support through agricultural service centers on the Prairies. The ADB gave up its advisory role to the Atlantic Development Council. The ARDA legislation was replaced by new legislation, i.e., the Regional Development Incentives Act (RDIA) passed in 1969. The FRED and the Area Development Agency were abolished.

DREE was established through the Government Organization Act, assented to on March 24, 1969. (Note that this became the Department of Regional Economic Expansion Act in 1970 (RSC 1970, c. R-4).) The Act of 1969 not only provided the enabling legislation for DREE and its powers but also transferred to DREE most existing programs as noted earlier. Section 23, paragraphs (A) and (B), set out the mandate for the Department:

(A) all matters over which the Parliament of Canada has jurisdiction not by law assigned to any other department, branch or agency of the Government of Canada relating to economic expansion and social adjustment in areas requiring special measures to improve opportunities for productive employment and access to those opportunities;

(B) such other measures over which the Parliament of Canada has jurisdiction relating to economic expansion and social adjustment as are by law assigned to the Minister.

The rationale for DREE went beyond the desire to improve coordination; it reflected a change in development philosophy on the part of the government prompted by the conclusion that programs focusing on needs only were no longer entirely appropriate. With DREE, "the primary orientation was clearly to centre on the development of those needy areas
which had the potential for viable economic growth and development.\textsuperscript{12} The emphasis was shifting from 'needs' programming to 'opportunities' programming. DREE also brought forth "a new, more integrated concept of regional development for Canada."\textsuperscript{13} Thus, by the late 1960s, federal regional policy had experienced a range of federal-provincial cooperative planning and cost-sharing instruments and had begun a move toward wide-ranging opportunity identification as a basis for policy-making. Also, the realization emerged that coordination was of extreme importance to the success of policy. These are themes which lie at the foundation of the GDA strategy.

The emphasis of the new department was embodied in two particular programs which were initiated: the Special Areas Program and the RDIA. Section 24 of the Government Organization Act authorized the designation, by Governor-in-Council, of Special Areas significantly lacking in productive employment. These areas, both urban and rural, were designated by federal-provincial agreement for special assistance over a four to five year period. Twenty-three such areas were designated, twenty for infrastructure assistance and three for RDIA only. A series of Special Highways Agreements were also signed on the same basis as the Special Areas. Again, in these types of agreements, the early shadow of the GDAs is seen.

This type of support made it necessary for the two levels of government to cooperate, both in evaluating the projects submitted by the target areas, and in formulating development plans and studies...the designation of special areas gives rise to the formulation of federal-provincial

\textsuperscript{12} DREE, "Regional Development Policy" (Ottawa: October 22, 1976); p. 4.

\textsuperscript{13} Daniels, op. cit., p. 16.
agreements on policies and programs to be used in the special areas and the studies to be done.\textsuperscript{14}

A mechanism complementing the designation of Special Areas was the RDIA, which came into effect on July 1, 1969, replacing the Area Development Agency legislation. The program was aimed at the private investor, it was the only major regional development effort not funded under cost-sharing arrangements with the provinces.

Another important event was the signing in 1969, under the authority of FRED, of a comprehensive development plan for Prince Edward Island. The plan was a 15-year federal-provincial agreement allowing for a wide range of programs and calling for coordinated implementation of the various components. The similarities between this and the subsequent GDA are quickly apparent.

DREE moved forward with new legislation and with a new orientation, one calling for careful planning "based on a broad strategy for achieving the greatest possible advance for the regions as a whole."\textsuperscript{15} This clearly reflected the desire "to elevate planning for economic development from the province to the regional level,"\textsuperscript{16} recognizing that the constraints to regional growth are by nature regional and not provincial. Some writers have gone so far as to suggest that DREE was not a department of economic development at all but rather was established for purposes of introducing operational regional planning and

\textsuperscript{14}Ibid., p. 17.


\textsuperscript{16}Savoie, op. cit., p. 67.
implementation processes between the national and provincial governments, that DREE reflected a fundamental commitment to resource reallocation, planning and that DREE entered the broad field of national regional planning and extended and fortified the two-level joint planning relationship.  

Perhaps the most significant development in the early experience of DREE, in terms of tracing the threads of the GDA approach, was the federal-provincial planning mechanism set up in conjunction with the Special Areas program. Joint Planning Committees (JPCs) were established to focus on 'Area planning' where such Special Areas had been designated. Very quickly their focus broadened to an emphasis on province-wide planning including goal setting, program formulation, project identification, project financing and project implementation. Because of their important role relative to the later GDAs, these Committees warrant a more detailed look.

3.3 Joint Planning Committees

As noted, DREE had a serious interest in joint operational planning from the very beginning. The purposes of planning included development plan formulation and implementation. Specifically, plans concerned the designation, financing and implementation of activities under the Special Area Agreements, Special Highways Agreements and ARDA Agreements.

A number of Special Area and Highways Agreements were signed during 1969-70 and were added to the existing ARDA Agreements. With the range of activities the task of planning for Special Areas presented special problems.

It became evident that joint planning in Special Areas would be difficult without understanding the development potential and constraints affecting the province. Moreover, governments still lacked experience in joint planning and in setting specific objectives. These joint efforts were also complicated by time constraints and the absence of other related plans within which to fit those for each Special Area. It should be pointed out that the Special Area program was not intended as a short-term expedient. Areas were expected to be redesignated or new areas designated on into 1975, after the initial two-year agreements were completed. An example can be found in the Canada/Saskatchewan Agreement on the Special Area of Meadow Lake, 1970-72.

As noted earlier, the principles of joint cooperation, cost-sharing and multifaceted planning had already been established in regional development policy. The establishment with the Special Area Agreements of Joint Planning Committees (JPCs) was altogether in line with previous practice. In the absence of broader policy objectives, some mechanism was required, acknowledging Special Areas within provincial priorities.

The realities of the planning process in Canada, as seen by DREE, were described in the work program for the JPCs. The basic considerations included:
1. the planning process needed to embrace the views of both senior governments and those of the private sector;

2. for economic and political reasons, governments wanted action quickly, and thus broad objectives had to be translated into practical programs;

3. measures undertaken were to be the result of the best judgment, since no absolute knowledge was available to connect programs with results;

4. governments had different priorities, fiscal capacities, and responsibilities; these in turn would all differ over time.18

These considerations reflected concern for the whole of the provincial economy—concern that the process encompass the entire range of problems and possibilities regardless of the jurisdiction and concern that all decision-makers be brought into the planning process.

Within the above-noted basic framework, the JPCs had an explicit mandate for coordinated, comprehensive, multisectoral planning and programming. These themes, expressed first in the joint planning under the ARDA agreements, were enunciated again in the JPCs. There should be little surprise when they appear, for a third time, in the GDAs.

3.3.1 Operational Aspects

The JPCs were co-chaired by senior federal and provincial officials and jointly staffed. The responsibilities of the Committees extended beyond those of general management of the designated Special Areas. In the management itself, each JPC was assisted by a Liaison Committee whose equal federal-provincial membership provided more of the day-to-day administration of construction, payment and audits. The JPC

was to look broadly at overall provincial economic planning and at plan development and implementation. This perspective took in national, regional, provincial and subprovincial development efforts. The key activities were assessment of provincial and subprovincial economic conditions and formulation of strategies to overcome problems and to tap the Area potential. Federal-provincial task groups were often established for specified projects in different sectors including manufacturing, processing and service. A great deal of intergovernmental communications and joint working relationships were initiated through the JPCs. There were also coordinating mechanisms contemplated elsewhere in the organization. A DREE central committee was to be responsible for the coordination of overall operations, and an interdepartmental committee was planned as the focal point for coordination with other government departments.

Not only were the JPCs intended as effective coordinating mechanisms, they were also to implant a highly sophisticated planning process into regional development policy. The process would be characterized by an intellectual effort involving a broad identification of needs, opportunities and alternatives and then ranking each in some priority to arrive at the most effective package for implementation over a four-year period. Both short- and long-term horizons were explicitly recognized.19

To indicate the comprehensiveness of the planning process, the Committees were expected to compile data on provincial trends in key economic indicators such as unemployment, investment, labour force, migration and even spatial and sectorial employment shifts and provincial

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19 Ibid., p. 5.
fiscal capacity. Trend forecasts over ten to fifteen years and major sectorial reviews were also part of the JPC work plan. The strategies arising from this work were to include spatial, sectorial and social adjustment, implementation and timing. The determining factors behind each strategy were represented by the greatest strengths of the provincial economies and those policies which the provincial governments were most anxious to pursue.

Altogether, the JPCs were a tangible move toward a comprehensiye, highly integrated two-tier planning capability, a capability that the GDAs were to "establish" four years later. The JPCs had their problems however, and it is worth noting them since they contributed to the evolution of DREE mechanisms and philosophies.

3.3.2 Problems and Shortcomings

Despite the best of intentions, the JPCs fell somewhat short on several points. The planning process, although set forth as expansive and well-connected, tended to be "severely circumscribed" with the planning limited to particular projects. The parameters for the JPCs, when put into operation, virtually prohibited the broader research that was to be fundamental to the development of policy. Federal policy continued to be made in Ottawa under arrangements which clearly separated policy from implementation. Problems also existed in the coordinating mandate of the JPC process. The central departmental and interdepartmental committees

for coordination did not become an operational reality. "The lack of these coordinating mechanisms," according to the then Deputy Minister, "had a weakening effect on the efficacy of the JPCs."^21

In the JPCs, the federal government professed a willingness to engage in wide-ranging consultation on basic issues in regional development. What emerged, however, was a process whereby the provinces submitted a list of projects by priority of which the federal government would then select unilaterally those it would support. The JPCs became dominated by federal members, with the agenda for activities drawn almost solely by 'Ottawa'. The provinces had relatively little say in the way things were determined. In fact, "the provinces were placed in the position of supplicants for assistance, the policy framework for which was vague."^22 The consultation which did occur was on supporting issues rather than on basic policy.

The JPCs were not an altogether successful experiment in coordination. Not only was consultation circumscribed, but only one federal department was involved, a department whose legislative and financial focus had become concentrated on Special Areas. Although other federal departments were involved in some technical capacity, this did not contribute significantly to coordination "because the level of involvement was so low in the hierarchy that everyone was obliged to go back to his department to secure approval for any actions or commitments that might

^21 Memo from DREE Deputy Minister to Heads of Divisions, dated May 26, 1970.

^22 Packman, op. cit., p. 17.
facilitate coordination.\textsuperscript{23} The JPC process lacked political leadership and became increasingly fragmented and compartmentalized in spite of its being a highly centralized process. The extent to which the role of field offices was circumscribed led to the observation: "it is evident that such a centralist perspective is incongruent and incompatible with regionalism."\textsuperscript{24}

The JPC process was also not very successful in formulating policy on a comprehensive basis. A DREE study concluded, "it is not unfair to describe these (JPC) bodies as paper generating units."\textsuperscript{25} Studies served for purposes of rationalization rather than for guidance. The information generated became useful background for submissions to the federal Treasury Board. In fairness, however, the problems of the JPCs did arise from the nature of the Special Area agreements themselves. The agreements were extremely precise and rigid to the point where in some cases diameters of pipes and sewer lines were specified. There was no flexibility to accommodate the different social and economic characteristics of provinces, and certainly not the latitude to accommodate an interprovincial focus. There was still no effective regional planning process that included more than one of the provinces of a region. The focus of the JPCs—and more generally the efforts of DREE at that time—was on smaller urban-related confluences in slow-growth regions. These urban communities were not linked into a national framework for economic development; the agreements

\footnotesize{\textsuperscript{23}}Dumoulin, \textit{op. cit.}, p. 30.
\footnotesize{\textsuperscript{24}}Ibid., p. 16.
\footnotesize{\textsuperscript{25}}Ibid., p. 24.
put in place were virtually the same from one province to another. The assumption appeared to be that all urban problems are similar, as are the factors which will contribute to the development of these communities.

The aforesaid shortcomings of the JPCs and the Special Area agreements soon became apparent to senior DREE officials. Indeed a host of criticisms began to plague the methodology and philosophy of the federal effort in regional development. These will now be considered in some detail.

3.4 Criticisms of DREE and Its Programming

The Special Area concept soon fell out of favour with those provinces where agreements were in place. The provinces were critical of the lack of any over-arching strategy involving the Areas and the lack of a suitable level of federal-provincial coordination. Provinces were also seeking broader targets for development policy than the limited number offered with the attention on growth centers. Criticism was levelled at the artificial boundaries established for Special Areas (Statistics Canada Urban Boundaries) and for RDIA regions. Premier Blakeney of Saskatchewan was highly critical of the DREE designation of Montreal as an RDIA region. In a meeting between himself and the federal DREE Minister, Don Jamieson on May 22, 1973 in Regina, Blakeney argued the Montreal designation had weakened DREE incentives policy. It was observed also that DREE was unresponsive and arbitrary in its methodology.26 The provinces were not as involved as they expected to be, and

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26 See, for example, the reports of the Office of the Comptroller General over this period.
policy solutions came out of 'Ottawa' as pre-packaged, closely supervised, and preconceived ideas which provinces could simply accept or reject.

It was not only these broad criticisms of the DREE approach that appeared in the early 1970s. Opposition was also expressed more specifically to the coordinating and cognitive elements of policy. The Fifth Annual Review of the Atlantic Provinces Economic Council (APEC) noted the continuing failure of federal efforts to achieve a coordinated treatment of the problems facing disparate regions.27 There was growing skepticism that large expenditures made under uncoordinated programs could barely prevent an increase in disparities, let alone their reduction or elimination.

The lack of coordination also pointed to other conceptual problems with the DREE approach. The approach was expected to bring an emphasis on planning and on more comprehensive policy measures. However, no objectives or guidelines were ever widely used to govern the planning exercise. The provinces were not involved and neither were other departments and agencies of the federal government.28 These conditions suggested an absence of development planning or any serious negotiations over development means or ends. "The emphasis inevitably," reported APEC, "is on spending rather than planning...what started out as a planning exercise deteriorated into a process of negotiation for available funds."29 One of the reasons offered for DREE's lack of

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29 Atlantic Provinces Economic Council, Fifth Annual Review, pp. 89-90.
coordination, support and understanding of regional policy in this era was the fact that there was no examination of medium and long-term directions for regional policy. Goals lacked clarity and a strategy for attainment.

What strategy did exist was related broadly to growth centers and the provision of infrastructure in the slow growth regions. As has been pointed out, these centers became the focus of the Special Areas. There was a fundamental conceptual criticism levelled against the whole growth center approach. As expressed by Holland, the provision of development assistance concentrating in growth poles does not pull sufficient investment by firms away from major metropolitan areas or slow their migration abroad. This meant that, in spite of intentions, little progress was likely toward alleviating the disparities in slow growth areas. The call went out for a move away from the limited urban concentration and from the emphasis on infrastructure spending; in essence, a more positive attack was encouraged on regional development problems.

The Department and its approach were not only attacked by the provincial governments, advisory agencies and academics, but also by the political opposition in Ottawa. The New Democratic Party (NDP) criticized DREE as contributing to the 'corporate rip-off'; this theme anchored the party rhetoric in the early 1970s. The Progressive


Conservative Party (PC) attacked the government for not involving the provinces in the policy process.

The weight of criticism about poorly coordinated, ad hoc, poorly conceived and inadequate policy was a major contributor to an intensive review of policy which DREE undertook during 1972-73. This policy review laid the groundwork for the decentralization of the Department and for the GDA approach.

3.5 DREE Policy Review

It was clear in the early 1970s that the DREE growth-center approach to regional development could not continue unaltered. Criticism was mounting concerning the need for a clearer definition of objectives and related strategies, for improved federal-provincial coordination, and for planned and recognized integration of government development programs. The Department was also encouraged to broaden its scope beyond limited urban areas and beyond Quebec and the Atlantic. Criticism had also been levelled at the departmental organization. The Department had eleven Ottawa-based division heads reporting to the Deputy Minister (DM), none of whom was clearly responsible for coordination. As a result, coordination and communications were left to chance; the DM retained a very extended sphere of control. The personality and management style of the then DM, Tom Kent, may have had a great influence on the highly centralized departmental structure.

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32 McCullough, op. cit.
33 Savoie, op. cit., pp. 70-71.
The above criticisms were made at a time when economic disparities in the country were just as noticeable and troublesome as they had ever been. A senior DREE official recalled that the policy review was a recognition of the fact that disparities, especially in terms of unemployment, had not been significantly affected; he added that the review was an attempt to blunt the ongoing provincial and parliamentary criticism of the Department. By involving the provinces and by getting their views on development opportunities, the Department could in effect co-opt its most strident critics. The federal government had long been recognized as controlling the design and criteria of earlier programs including those that had been cost-shared. With more balanced-federal-provincial participation, the provinces would have a greater share in the benefits and burdens of regional policy making.

It has been suggested that the motives for DREE decentralization had a good deal to do with deflecting criticism from another source. That is, if the decentralized offices were assigned the responsibility of selecting policy objectives and subsidies suitable for their own specific jurisdiction, this would blunt some of the academic criticism of national regional policy. Policy would vary so much that in essence there would be no national strategy to condemn.

The timing for the review was determined largely by the fact that many of the existing Special Area Agreements were to expire in 1973, and the Agreements contained a commitment to consult with the provinces.

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34 Interviews with DREE Officials, Appendix D, No. 4.
before changes were made. These consultations, however, were incorporated into a broader review. Finally, the policy review was prompted by the change of political and administrative leadership of the Department. Don Jamieson became the new DREE Minister after the 1972 federal election; Doug Love had become the DM in September of 1971.

3.5.1 The Review Process

The major review activity undertaken was an analysis of socio-economic circumstances in each of the provinces. This analysis was expected to highlight the opportunities for development and to note the existence of constraints to realizing those opportunities (the documents became known as 'Yellow Books'). The review also focussed on possible, changes to the RDIA program and, more fundamentally, on alternative forms of organizing for the regional development effort. The review was not an investigation of the basic objectives of regional policy. The process left intact the objectives of reducing economic disparities and facilitating access to job opportunities. As the Minister remarked in April of 1973, "what we are seeking are ways and means of improving the methods used."³⁶

Initially, the review process was unilateral. The DREE Minister noted that the assessments of economic circumstances were meant only as the federal contribution to expected joint consultation. "They are designed," said Jamieson, "simply to illustrate the potential advantages of an approach to development based on the identification and coordinated

³⁶Don Jamieson, "Statement to the Standing Committee on Regional Development" (DREE: Ottawa, April 10, 1973), p. 4.
pursuit of major development opportunities.\textsuperscript{37}

3.5.2 Results of the Review

The major conclusions reached in the policy review can be described as follows:\textsuperscript{38}

- Each province and region in the country has a unique set of circumstances and opportunities and special measures are needed to deal with each.
- Measures should involve the joint cooperative efforts of federal, provincial and private agencies. Unilateral federal programs and policies in transportation and agriculture left the provinces feeling too vulnerable to unilateral change. In any event, these policies were not having the desired impact on local problems.

The review emphasized the importance of coordination in pursuit of "carefully defined objectives related to major development opportunities that have been identified jointly by the two senior levels of government."\textsuperscript{39}

- The required cooperation and coordination ought to come through broad enabling agreements.
- A broad focus for programming was required since the process of development involved more than solving problems and included development of opportunities as well.

\textsuperscript{37} Idem.


\textsuperscript{39} Jamieson, op. cit., p. 49.
The existing program approach did not provide a comprehensive attack on the barriers to regional development. The new program focus would mean a shift from a negative policy stance, i.e., treatment of the worst problems of disparity to the more positive focus of exploiting development opportunities. Single factor programs were no longer thought acceptable.

The appropriate organizational response for DREE would be decentralization of activities and operational decision-making to regional and provincial offices. Ottawa would retain inter-regional and interprovincial decisions on administration, coordination, planning and particularly coordination with other federal government departments (OGDs). This responsibility also included attempts to adjust OGD policies to become more relevant to regional development.

It is evident in the review conclusions that the work was conducted under the assumption of continued expansion in the economy. The concern of the review was the redistribution and balancing of that assured development. A DREE study noted that "the 1972-73 policy review was conducted during an almost uniquely optimistic economic period" prior to the energy crisis of 1973.40 This optimism, while perhaps not accounting entirely for the conclusions of the review, certainly made those conclusions more acceptable. DREE's objective would be to encourage all slow-growth areas in the country, with a significant increase in the scope and intensity of activity in Northern Ontario, Manitoba, Saskatchewan and in the northern and rural areas of Alberta and British Columbia.

The nature of programming would also change in the emphasis away from inducing industry to move, but rather to encourage development of new local industry and local manpower resources.

The review helped to bring about changes as reported by DREE in 1980 which "extended the evolution of the 1960s to the present comprehensive approach to regional development."\(^{41}\) The emphasis on the multi-dimensional nature of regional problems encouraged a multiagency, multi-program approach with a premium placed on joint, coordinated and comprehensive policy measures. This approach was embodied in the GDAs.

Other influences were felt in the early 1970s apart from those noted through the policy review, which helped DREE and the provinces move toward acceptance of the GDA strategy. These influences are important background to the signing of the GDAs in 1974.

3.6 Other Important Factors in the Evolution of GDAs

3.6.1 The Western Economic Opportunities Conference (WEOC)

This major federal-provincial conference held in Calgary July 24-26, 1973 was convened in response to continuing demands by the western provinces for greater consultation in the formulation and implementation of national policies which affected them. Bell and Tupperman write, "the conference symbolized the failure of federal policies to reflect

\(^{41}\) DREE, "Federal-Provincial Fiscal Relations" (Ottawa, May 20, 1980), p. 23.
western concerns. The conference dealt extensively with the needs to re-orient the federal approach to regional policy. Much of the political direction for the GDAs and the decentralization of DREE are reflected in the documents of the WEOC, even though the decentralization of DREE was already announced in the Speech from the Throne in January of 1973.

The WEOC made it clear that western provincial politicians wanted a federal regional policy which was highly coordinated with provincial activities and with activities of other federal departments. This measure of coordination could only come through extensive federal-provincial consultation and negotiations on development issues. The provinces were anxious for a government-to-government rather than a department-to-province approach to policy; they sought a more coordinated, more comprehensive approach employing flexibility in programming on provincial priorities.

Not only did the WEOC reinforce, perhaps legitimize, the evolution toward the GDAs, but it also furthered the detailed work on policy areas that were later to appear as objectives in the GDAs themselves and as subsidiary agreements. As a result of the WEOC, DREE began, federal-provincial discussions in fields of western northlands (development and transportation access), on important industrial development projects (iron and steel), on forestry, and on transportation, especially highways construction, and on planning in general. In British Columbia, it was suggested that the WEOC influenced programming well into 1976.


43 Interviews with DREE Officials, Appendix D, No. 6.
3.6.2 The Interim Planning Agreements (IPAs)

The federal cabinet on November 13, 1973 authorized the signing with the provinces of the IPAs. Each province was expected to adopt substantially the same agreement with spending limits of $500,000 per province. The IPAs were intended to facilitate planning efforts underway in connection with a possible broad federal-provincial enabling agreement. The agreements were aimed at an immediate operational need of ensuring the continued investigation of possible opportunities. The IPAs created the opportunity for substantial integration of federal with provincial bureaucracies and for an intensive analysis of provincial economies. Both of these aspects, integration and analysis, help to characterize the policy-making atmosphere at the signing of each GDA and the thinking and the expectations that were to become embodied in the GDAs.

3.6.3 Other General Factors

The 1972 federal election jolted the government into realizing that some adjustments were necessary to its regional development strategy. The Liberal government lost more than 30 seats in Anglophone Canada and its parliamentary majority in the process. In direct criticism of DREE, the feeling was expressed that too much attention was being paid to Quebec.

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45 Letter from Jamieson to Lauk, Mar. 13, 1974. (For title and association of these and subsequent correspondents, see Glossary of Names.)
46 Savoie, op. cit., p. 78.
The atmosphere for change also had an impact on the RDIA, the most visible of DREE programming. The program had been plagued with expenditure problems in that forecasts far exceeded actual spending. In trying to explain the expenditure lag shown in the 1972-73 Main Estimates, the Minister remarked, "the discrepancy reflects difficulties encountered by the department in forecasting commitments and actual expenditures under a program that is basically responsive to industrial development projects initiated and managed by a large number of businesses in the private sector." 47 These problems, apparent since 1971 and seen as something inherent in incentives-type programming, did not help to strengthen loyalties toward that programming. (The RDIA program was altered in 1974 as a result of the policy review and the sort of operational problems noted here. The changes were designed to extend the scope and responsiveness of the program. Its administration and decision-making were decentralized, larger areas were designated, and eligibility criteria became less stringent.)

One catalyst for change in this period was undoubtedly the influence of the DM at the time, Doug Love. Several officials familiar with DREE activities of the period named Love as the major factor in the move to decentralize decision-making and also as a moving force behind the policy review. It was his conviction that the policy of the Special Areas program was not working and that it was too focussed, with the areas becoming sacrosanct and discouraging programming beyond their boundaries. 48

47 Jamieson, op. cit., p. 5.
48 Interviews with DREE Officials, Appendix D, No. 3.
The foregoing sections have attempted to show, in the evolution of recent federal regional policy, the gradual increase in emphasis on joint federal-provincial programming and the emphasis on well-coordinated and well-considered policy measures. From the earliest ARDA agreements, with their broad mandate and federal-provincial coordinating mechanisms, through the Special Area Agreements and their Joint Planning Committees right up to the policy review and the Interim Planning Agreements, the approach to regional policy has involved federal-provincial cooperation on an increasingly wide range of development issues. The federal development agency DREE could, in 1974, point to considerable experience in formulating and delivering policy very similar to that of the GDAs. Forces were noted that brought DREE in 1974 to the point where only a mechanism like the GDA would be acceptable; the mechanism should, therefore, not be a surprise to any student of regional policy.

3.7 Decentralization of DREE

The decentralization of DREE in 1974 was not the first such expression of change within federal-provincial relations nor was the DREE re-organization the first for the department. Swainson wrote of a change of direction from centralization to decentralization "across the whole spectrum of federal-provincial relations between 1956 and 1964." As for DREE, it went through a substantial re-organization as early in its history as 1970. Up to that time, DREE was organized.

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49 Swainson, op. cit., p. 356.
50 McCullough, op. cit.
with four divisions: planning, programming, implementation and incentives. In 1970, planning and programming were amalgamated. It was this planning unit that worked with provinces under the aegis of the JPCs. Implementation was reallocated regionally (east, central, west) under an Assistant Deputy Minister (ADM) based in Ottawa. Departmental offices were established in each provincial capital and staffed under a Director, with limited program delivery responsibilities. Also, in 1971, a Coordination and Liaison Division was established in DREE (Ottawa) to ensure that effective relationships were maintained with other government departments, with the provincial governments and within the organization itself.\footnote{DREE, "Annual Report," 1971-72, p. 7.} 'Ottawa', throughout the development of the GDA, meant to retain a significant role in coordination.

Clearly, the aforementioned changes were more superficial than substantial, more in the way of a deconcentration of staff than a decentralization of authority. However, while 'Ottawa' did remain the center of authority, the changes do represent another step in the evolution toward the decentralization of 1974 and the GDA approach.

In the arguments put forward for decentralization, it seems apparent that DREE did not intend as complete a decentralization of authority, particularly over coordination activities and major decisions, as eventually came to pass. Provincial offices were not delegated the 'unqualified authority' in any area as Savoie contended,\footnote{Savoie, op. cit., p. 94.} and it was not the intention that they gain that level of authority. DREE documents
indicate that the decentralization was undertaken "to place in its field offices sufficient staff resources to improve its direct understanding of regional circumstances and opportunities." The arguments for decentralization put before the federal Treasury Board included:

- the changes would create a more credible federal presence at the provincial level;
- there would be capacity for a better integration of functions through a team approach to problems;
- a change would permit more responsive administration of smaller projects;
- by having staff on the 'scene', DREE would benefit from more up-to-date analysis; and
- DREE would be in a better position to engage provincial governments in a continuous development process.

The logic of decentralization was expressed as providing better means for coordination and a better basis for analysis. The provincial offices, it appears, were expected to generate the data, establish the relationships and the understanding that would make policy coordination by 'Ottawa' more effective and efficient. This improved central coordination would also add to the comprehensiveness of federal policy. The continuous and coordinated analytical effort would be the basis for the integration of provincial and regional development policy with other policies of the federal government.

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54 McCullough, op. cit.
DREE had come to an understanding on several key aspects of the regional problem: solutions appropriate to one jurisdiction may not be appropriate to others; policy made solely at the national level would lack important data on local circumstances, reactions and consequences; and different patterns of authority and expertise were a reality of the federal system, no single national policy in regional development could be readily implemented. These factors would make central coordination, without some degree of decentralized authority, a very difficult task indeed. Decentralization then was a mechanism entirely consistent with improved coordination of policy.

The decentralization was also complementary to the atmosphere of joint decision-making and analysis that had evolved in regional policy. The provinces, as it has been pointed-out, were eager for a system of formulating regional policy which was more responsive to their priorities. Jamieson assured western Premiers in 1973 that a responsive "early warning system" would be one goal of any DREE re-organization. He went as far as to "visualize DREE as essentially reinforcing provincial priorities."\(^{55}\)

DREE had come to another understanding in regional policy: that for the critical variables affecting economic development, governments could anticipate joint jurisdiction and substantial overlap of powers. Facing this reality, the DREE decentralization was not the dramatic move that the Minister spoke of, but was a quite foreseeable, 

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incremental move in the face of long-standing pressures. In fact, APEC made a thorough and almost prophetic argument for the decentralization of DREE in its Fifth Annual Review of October 1971.

In July 1973, the federal Treasury Board approved the decentralization, which physically began in January 1974 with the establishment of regional offices and the transfer of Regional ADMs. Four regional offices were established, in Saskatoon, Toronto, Montreal and Moncton. Each was headed by an ADM and contained units for development, analysis, coordination, incentives and for general administration and public information. Over 70 percent of DREE senior executives and over 65 percent of all staff moved out of Ottawa. 56 'Ottawa' was left with two ADMs, one in planning and coordination and the other in administration and finance. Provincial offices which had been established in 1970 were upgraded and expanded. Offices were headed by a Director General (DG) and staff added for development and analysis, incentives and program implementation work.

3.8 Towards the GDAs and Subsidiary Agreements

Many of the conclusions arising from the policy review are found in the arguments supporting the adoption of the GDA approach. It is important to discuss briefly these arguments, particularly as they relate to the coordinating and analytical aspects of the approach.

One of the principal architects of the GDAs recalled their rationale. There was a feeling that the department was in danger of losing its influence in federal regional policy. To ensure its role, DREE needed to enhance its primary coordinating responsibilities and to become the focus of federal intelligence on regional issues. The GDAs enabled the department to deal intensively with each province, to gain first-hand knowledge of provincial development priorities and to build on established relationships in joint programming. An official remarked that the GDAs gave political substance to the JPC mechanism of the Special Area agreements. It was clear that the provinces wanted to talk policy, this could best be accommodated if both the DGs and regional ADMs had policy-making flexibility and considerable authority. The GDAs are broad enabling agreements and made provisions for both. If the approach was to suit provincial needs more closely, it would need flexibility in the choice of measures, sectors and areas. The GDAs were also able to accommodate the different paces at which provinces prepared for and decided upon program choices. The approach avoided a pan-Canadian strategy and permitted each province to proceed on initiatives when they were ready.

The GDA was also a move to consolidate program instruments. It was thought that far too many were available, and this only added to the sense of diversity between provinces and between regions. Senior officials reasoned that if DREE had control of the key policy instruments through the GDA and was able to apply those instruments in an almost custom-made

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57 Interviews with DREE Officials, Appendix D, No. 3 and No. 4.
fashion and to support its policy positions with locally relevant data, the Department could clearly maintain if not enhance its role as the coordinating agency on the federal side. It is interesting to note that other federal departments nowhere clearly expressed a commitment to, or even general recognition of, the need for coordination in regional policy. This lack of commitment becomes evident in the drafting of sub-agreements and constitutes a telling comment on the comprehensiveness of those agreements. This topic will be raised again in more detail later.

The GDA approach not only consolidated instruments but changed the emphasis from a concentration on the most serious problems of job creation to an effort to identify and develop the strengths and opportunities facing each area. This change in emphasis placed a high premium on comprehensive analysis. The GDA approach could "identify and highlight areas of comparative advantage for particular regions and provide an analytical framework within which development opportunities could be analyzed and funded accordingly." 58 The GDAs also had another target: they were to focus intergovernmental attention on constraints to development in each province and region and to program for their removal.

Altogether, the GDAs were advanced as instruments which could provide the coordinating, analytical and administrative machinery to prepare and implement comprehensive regional policy. The approach could account for the regional impact of national policies, could identify and develop the long-term potential of each area in the country and could

58 Daniels, op. cit., p. 29.
involve other federal agencies in dealing with regional issues. Earlier 'comprehensive' approaches were considered naive; they tended to focus on the negative side of regional development, on the hard choices associated with unemployment and few immediate job opportunities. This focus made the political leadership of the Department nervous. What was wanted was, in part, an approach which could bury responsibility for those hard decisions within a series of federal-provincial agreements.

There were other rather political appeals which it was hoped, the GDA approach would respond to. The private sector had long complained about the lack of government coordination in matters affecting economic development. Through the coordinated multidimensional GDA, the government hoped to acquire strong support of the private sector. The political motivation for the GDAs was also clear in the extension of programming into wider areas. DPAN now would operate in all provinces, potentially broadening the support for the Department.

It is important to bear in mind that the rationale for the GDA approach was drawn in the face of several key assumptions, assumptions that later proved of dubious validity. They included:

- all provincial and regional economies would generate numerous development opportunities, and the federal-provincial task was simply to choose the best ones;

\[59\] Interviews with DREE Officials, Appendix D, No. 2 and No. 3.
\[60\] Phidd and Doern, op. cit., p. 327.
\[61\] DREE, "The GDA System and Regional Development" (April, 1978), pp. 9-10.
- budgetary restraint was unlikely to be a factor in the foreseeable future; and
- a measure of protection could be provided for everyone against the adjustments brought by technological change and economic growth.

The crumbling of these assumptions will have implications on the coordinating and cognitive processes to be examined in this study.

The GDAs gained their parliamentary authority via Supplementary Estimates Vote 11a, Appropriation Act No. 5, in 1973. (Orders of Council #1973-14/3799 dated December 11, 1973 and #1974-5/461 dated March 5, 1974 gave the DREE Minister specific authorization to enter into GDAs.) Officials felt that the new approach did not require new legislation, and thus chose the somewhat unusual route of proceeding through the Estimates. With this method, the Minister could obtain both authority from Parliament as well as the federal financial commitment: Section 5 of the aforementioned DREE Act confers broad duties, powers and functions on the Minister relating to economic expansion and social adjustment. An appropriately worded vote included in the Department's Estimates based on this general ministerial responsibility was chosen to authorize the GDA and subagreements and the funds required.

The principal features of the GDAs, all of which were signed in 1974 (Appendix B), include the following:
- Each contains a statement of federal-provincial objectives, a broad development strategy based on prior analysis of the provincial and regional economies, and guidelines for implementing that strategy through subsidiary agreements.
- All are ten-year agreements.
- Some variations exist between objectives, but all GDAs seek to improve employment opportunities, improve living standards relative to the national average, or seek a more equitable distribution of development within the province.
- Each GDA implicitly provides for continuing analysis of economic circumstances, particularly seeking the areas of comparative advantage and the constraints to development that will form the focus for future policy.
- The rate of federal participation varies. In provinces where (in 1974) per capita income was equal to, or greater than, the national average, funding was equally shared between the two levels of government (in Ontario, Alberta and British Columbia). In the other provinces the ratio was determined on the basis of "development potential and fiscal capacity at the provincial level."62 Provinces with increased potential and capacity would support a greater share of the costs. The federal-provincial cost-sharing ratios for the other provinces were 90:10 for Newfoundland; 80:20 for Nova Scotia and New Brunswick; 60:40 for Quebec, Manitoba and Saskatchewan. It should be noted that these ratios were not inviolable. Provinces would be required to contribute more if it was judged that the province attached a higher priority to a particular policy than

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did the federal government. However, instances of departure from the established ratios were rare indeed; this did confirm the intentions of DREE as essentially reinforcing provincial priorities.

Turning now to the subagreements, their general features can be summarized as follows. It is important to remember that these are common design features and do not include specific project aspects which differ from province to province and sector to sector.

- Each agreement contains a statement of objectives, the situation to be corrected or developed, the background, the budget, and the management style.

- They may be initiated by the province, by other federal departments or by DREE. Whichever the case, each would be reviewed by all interested federal departments prior to their Treasury Board or Cabinet approval. (The former approves all subagreements; the latter approved those of a major or new variety.) Usually, agreements require up to two years for planning and negotiation.

- Other federal and provincial departments are encouraged, in fact expected, to participate as signatories, financial partners and members of management teams in the delivery aspects of the subagreements. There is some provision for private sector participation using incentives.

- The day-to-day operational delivery of the agreement is the responsibility of the provincial government, under the guidance of a federal-provincial management board.
Each agreement contains a Schedule A, listing programs it expects to implement, and a Schedule B, listing costs and cost-sharing under the agreement. Management boards are themselves able to identify particular projects that will be pursued under Schedule A.

Terms of agreements vary from one to ten years, with five-year agreements being the most common. All agreements are specifically terminal unless extended with Treasury Board approval.

The point was made early in this study that the subsidiary agreements constituted the principal policy instruments of DREE. It is evident that "it is through subsidiary agreements that development strategies take shape, plans for action are implemented and funds are allocated;"63 indeed, subagreements did represent the bulk of direct federal regional development policy.

As noted earlier, the subagreements were expected to enable a comprehensive view of provincial and regional issues and to apply a broad array of expertise, capital resources and even non-expenditure policy to regional development in its broadest sense. Furthermore, the agreements were expected to function under firm and active central coordination.

Dealing with the comprehensiveness aspect, a DREE official involved in the GDAs recalled the special emphasis placed on a detailed

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63 Daniels, op. cit., p. 20.
and intensive approach. Provincial offices had improved research resources and the support of a regional research arm. These resources were expected to allow a very careful and complete analysis before any agreement was signed. Senior officials recognized that the coordinating mandate of the Department would not be sufficient by itself to bring other federal agencies on side. The quality of work and the depth and breadth of analysis that went into subagreements was of critical importance.

The effort devoted to comprehensiveness is evident in the procedures set down by 'Ottawa' to govern the development of subagreements. The individual steps in the process were as follows:

(a) Conceptual proposal:
- reviewed internally
- regional ADM gives approval of the concept

(b) Preliminary analysis:
- undertaken at an interdepartmental level first
- preliminary discussions with the provincial government
- project proposal prepares for detailed analysis, including work program and proposed consultation mechanism and contacts identified

(c) Detailed analysis:
- mechanism for joint analysis and development set up between federal and provincial government
- other federal departments invited to participate in analysis

(d) Proposal formulation:
- ADM and DM receive recommendation for subagreement
- provincial consultation conducted

(e) Agreement negotiation:
- DM approval required for formal negotiations to begin
- formal consultation with other federal departments
- draft agreement prepared, forwarded to ADM and DM

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64 Interviews with DREE Officials, Appendix D, No. 1.
(f) Agreement conclusion:
- final draft agreement discussion with provincial government and OGDs
- agreement to Minister
- agreement to Treasury Board (TB) (and cabinet, if necessary)
- final negotiation after authorization

It can be seen from the description of the general features of subagreements and the formal formulation process that the approach was to achieve a comprehensiveness involving the following points:

- Each agreement would be integrated into a broad provincial and regional development strategy.
- Agreements would incorporate views and policies of OGDs, and would be actively consistent with other federal policies.
- Existing regional development activities would be integrated with GDA strategy.
- The provincial governments, OGDs and senior DREE officials would have regular and influential input into the formulation process ensuring a broad coverage of points of view and input of expertise.
- The agreements were expected to provide definitive answers on the development questions facing the provinces and regions. Those answers were to be based on an intensive investigation of socio-economic circumstances and opportunities.

Almost all of these points require a prior coordination of policy, expertise or information. Recognizing this, the original plan for the GDA strategy involved a predominant role of central officials in coordination. The Office of the Comptroller General asserted that the GDA "development process and consultation process with provincial governments and other federal departments is tightly controlled by the Regional ADM and the Deputy Minister."

Also, a Coordination and Liaison Division in Ottawa was established to play the lead coordinating role.

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role in dealing with OGDs. Frequent reports were to be prepared under a Project Formulation Management Information system on all development initiatives being considered. These were to be organized and distributed to some twenty-six OGDs by the Coordination and Liaison Division. Where OGDs expressed an interest, meetings would be held and working teams struck between the agencies where necessary.

Another major influence from 'Ottawa' was to come through the Annual GDA meetings. Meetings were expected at the Ministerial level where broad issues would be covered and the development strategy of the past analyzed and that for the future laid out. Meetings were also expected interdepartmentally at the officials level in all provincial and regional offices. Both of these meetings were to focus on existing and proposed subagreements, relating those to the development strategy and to an updated analysis of circumstances and opportunities for the provinces and regions. The influence of the federal Minister, the DM, the ADMs and their senior development executives was expected to play a major role in ensuring proper coordination.

Perhaps the most pervasive central control was to lie in the budgetary and initiation and approval system. The DM and the ADMs had a determining impact on the resources made available to each of the provincial offices and, of course, who would direct those offices. Virtually, all DREE officials remarked on the capacity of 'Ottawa' to control activity by making the financial decisions on cost-sharing ratios, on total federal commitment to agreements and on available research and development resources. From the early conceptual stages of proposals, regional and headquarters' decisions were to be incorporated into
subagreements. These decisions were more than formalities and symbolic obstacles; they were actually to shape and direct the broad activities of the DREE provincial offices.

Before the analysis turns to consider what actually did occur with respect to the formulation of subagreements in selected provinces, it is necessary to provide a brief account of the activities leading to the GDA's. Since the focus of this study is British Columbia and Saskatchewan--and to a lesser degree, New Brunswick--the following section will deal with these provinces.

3.9 The Evolution of the GDA in British Columbia, Saskatchewan and New Brunswick

The point has been made that the GDA approach, both as a coordinated and as a comprehensive mechanism, evolved through a discernible pattern in federal-provincial relations in regional policy going back to the early 1960s. It is important to highlight the differences in this pattern both historically and just prior to the signing of the GDA in the three provinces noted above, since much of the contents of the subagreements in each province has a connection to pre-GDA activities.

3.9.1 Pre-GDA Activities

It will be recalled that regional policy of the 1960s and early 1970s was focussed on those disparate areas with the greatest problems, hence the ARDA, FRED and Special Area programs. With this focus, Saskatchewan and New Brunswick as long time 'have-not' provinces were bound to receive greater attention. In fact, the PFRA legislation of
the 1930s and the Maritime Marshland Rehabilitation Act (MMRA) of the 1940s were largely dedicated to these two provinces (see Appendix A). Both provinces had extensive experience with federal-provincial development efforts. That is not to say that both were equal partners with the federal government in these efforts but rather that the mechanisms and the attitudes were attuned to the coming GDA approach.

In New Brunswick, joint development schemes emerged as early as 1948 with the MMRA (RSC 1970 Ch. M-4). The Act, introduced as an eastern equivalent to PFRA, provided for reclamation of marshland in New Brunswick, Nova Scotia and Prince Edward Island. The provinces assumed responsibility for implementation. In 1965, the federal Cabinet approved the continuation of MMRA work under the aegis of the new ARDA legislation. The FRED program, a child of the ARDA legislation, was also very active in New Brunswick, especially in the northeast section of the province. Comprehensive FRED agreements were signed for the Mactaquac Region and Northeastern New Brunswick in 1966.

The province was also a major target of the Special Area program. Both Moncton and Saint John were designated for infrastructure and industrial incentives aid. These designations involved ongoing consultations with the province and the joint program development and delivery mechanism of a JPC. Another joint program, both spatially and sectorially oriented, was the New Brunswick DREE Small Industry Financial Assistance Program of 1973 delivering forgivable loans to industry in northeast New Brunswick. Thus, the province had a long tradition of federal-provincial cooperation involving a wide range of targets and delivery mechanisms. The province had even seen subagreements before,

A situation similar to that in New Brunswick prevailed in Saskatchewan. The PFRA program quickly became, from its inception in 1935, the most stable and perhaps most conspicuous example of the federal presence in the province. As the Saskatchewan economy was heavily dependent on agriculture, regional development efforts were largely synonymous with agricultural development efforts, the most outstanding example of which was the federal-provincial ARDA agreement of the early 1960s. The legislation passed in 1961, while largely a federal initiative, did introduce the province to federal-provincial planning, development and implementation of regional development policy. The legislation itself was vague, permissive and flexible. It had as one of its objectives the development of income and employment opportunities in rural areas, providing the Saskatchewan government with an experience in initiating and implementing joint programs. Subsequently, Special Area agreements were signed in 1970 covering Meadow Lake, Saskatoon and Regina. Since "the principal function of the ARDA machinery [was] coordination" of resource and development programs in Saskatchewan, the approach and the mechanism for joint cooperation of the GDA-type were hardly innovative.


67 Ibid., p. 53.
The situation in British Columbia was somewhat different. The province had not become a target for regional development programming of any genre. True, the ARDA legislation was in place, but it could not possibly have the impact in as large and diversified an economy as British Columbia, as it had in New Brunswick or Saskatchewan. Initially, British Columbia spending under ARDA was almost totally devoted to one category, irrigation projects. In Saskatchewan as a contrasting example, projects involved everything from research, to training, to tourism, to community development projects and to soil and water management. The limited scale and scope of federal-provincial cooperation in British Columbia was remarked on by most DREE officials in British Columbia and Ottawa. The province was not a participant in either the FRED or Special Area programs which did so much to establish the comprehensive-coordinated goals for development policy. While the ARDA program in British Columbia had become more diverse by the early 1970s, its influence was largely confined to the agriculture sector. Not only were there few federal-provincial coordinating mechanisms, there was also a dearth of planning around which a GDA could be framed. To overcome this gap, British Columbia took full advantage of the Interim Planning Agreement brought in prior to the GDA. A series of area and sectorial studies (sixteen in all) were undertaken by consultants to help the province plan its optimum development potential. In British Columbia then, the GDA approach would indeed be breaking new ground in federal-provincial relations. This had some consequences that are reflected in the negotiations leading to the GDA and in occurrences subsequent to its signing.
3.9.2 Formulation of the GDAs

From May 10 to June 15, 1973, the federal minister met with provincial premiers to 'introduce' the concept of the GDA. Jamieson's meeting of May 22 in Regina with Premier Blakeney and three of his senior ministers was especially important. Saskatchewan had been chosen as a test-case for modeling the development of the GDAs in other provinces.\(^68\) For this reason, a special emphasis will be placed here on the negotiations in Saskatchewan.

Jamieson, in his above-noted Regina meeting, outlined the purpose for the discussions with Premiers.\(^69\)

- DREE put a high priority on strengthened coordination between itself, OGDs and the provinces. This coordination was essential for progress on comprehensive development.
- DREE was anxious to pursue its more active role in the development process. To this end, he encouraged establishment of working groups with the province to discuss a GDA and to work on three or four major development opportunities.
- DREE had no fixed set of proposals to take to the provinces. The working papers which had been sent out (essentially the aforementioned Yellow Books) were discussion documents only. DREE was anxious both to assist in development of provincial policies and priorities and to pursue a broader regional concept of development.

By the end of 1972, DREE had advanced its own planning respecting the GDAs to the point where a document entitled, "Contents of a GDA" had been prepared. The document was delivered to the Saskatchewan DREE office in late May 1973. Its proposals, expected to serve as a recipe for the GDA, shed some interesting light on how 'Ottawa' viewed the

approach. The original notion was to have only two types of subagreements: those aimed at particular development opportunities and those aimed at general program support. The third type, those aimed at coordinating existing federal and provincial programs without any increases in authority or funds, was an afterthought. DREE did not have a strong commitment to this latter type of subagreement (none of this type was signed). Officials noted that a coordinating mandate by itself was not enticing enough and that a supply of capital was needed to encourage provincial and private sector support of the GDA approach.  

The document also advised that governments operate cooperatively but independently under the GDA. The approach was not envisaged as an altogether joint and collaborative process. Working independently was important if 'Ottawa' was to maintain its role and the importance of the Minister in the policy-process. The approach was seen as government-to-government, and DREE needed to ensure sound vertical and horizontal co-ordination if a consistent integrated policy was to emerge. The Minister's mention in the meetings with premiers about joint working groups was more in the spirit of federal-provincial cooperation than to sanction any institutionalized joint process.

It is noteworthy that the Agreements were originally seen as of open-ended duration until terminated by mutual consent or two years notice between ministers. The federal Department of Finance insisted on the ten-year expiry provision.

DREE also examined alternatives for installing the 'joint' consultation and implementation process. Under consideration were an officials' level mechanism similar to the JPC arrangements or meetings at the ministerial level. It was eventually decided to engage in both types of meetings, with prominence given to the annual ministerial discussions. The exact type of delivery mechanism at the provincial level also came under discussion. Officials originally thought of installing a broad "Development Committee" (similar to the JPC) and an "Implementation and Coordination Committee" (similar to the Liaison Committees under the Special Area Agreements). Any arrangements along the JPC format were thought too cumbersome and lacking the necessary basis of authority. By putting a section on management in the GDAs, officials felt they could get ministerial-level authority for the administrative arrangements.71

DREE was very anxious to establish its credibility under the GDA by quickly entering spending commitments under subagreements. Officials felt that if the GDA contained a detailed strategy with explicit funding and cost-sharing arrangements, it would be difficult later to enter negotiations on specific policy for implementing that strategy. If a strategy were vaguely stated, officials would have fewer restraints and would not show poorly in an evaluation of the Agreements.72 DREE officials expressed the fear that goals would be placed so high and all-encompassing that the agreement would be classed a failure as the goals would not be reached.73

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Negotiations on what to pursue after the GDA was signed went just as quickly as did those over the Agreement itself. This was largely due to provincial acceptance of the GDA concept and speed of organization. By May of 1973, the province of Saskatchewan had ministerial contacts in place, a committee of deputy ministers to direct GDA negotiations and a subcommittee to conduct day-to-day work for the province; all liaison with DREE was centered around the Executive Planning Office of Cabinet. The work of the subcommittee was given priority in light of both governments’ eagerness to have subagreements well underway when a GDA was signed.

The GDA subcommittee consisted of, on the Saskatchewan side, one official who earlier had worked for DREE on the Yellow Book exercise and one who later became a senior implementation officer for DREE. On the DREE side, the key planning official eventually became the DG in the provincial office. The exchange of personnel between bureaucracies was extensive. The understanding of each other’s position would be thorough. This understanding quickly led to a consensus on the proposed contents of subagreements. Major opportunities for immediate attention were identified in northlands, planning, mineral exploration, steel development and the ‘clean-up’ of the Qu’Appelle Valley. Drafts of a forestry subagreement were provided by the province in August 1973. Saskatchewan officials asserted that they had spent considerable effort convincing the provincial cabinet of the worth of the GDA approach, and the cabinet was now committed to the exercise.\textsuperscript{74} They wanted to avoid any lengthy

\textsuperscript{74} Minutes of Federal-Provincial GDA meeting, Regina, June 5, 1973.
processing of agreements should that commitment wane. By November 1973, agreement had been reached between DREE and Saskatchewan on the GDA and the Schedule A (the programs to be pursued).

The main objectives of the GDA included the diversification of the province's economic base, encouraging balanced growth between rural and urban centers and attending to problems in Northern Saskatchewan. Attention was also directed to specific sectors: steel, forestry, agriculture and tourism. Tourism was the only component not emphasized in the Saskatchewan 'Yellow Book'.

It is interesting to note that it was only in October of 1973 that the Schedule A programs were circulated at a senior level to other federal departments. OGDs were informed of the nature of negotiations with the province but were never brought into the process. Since the GDA did not involve financial commitments or any immediate program activity, the interest of OGDs was never strongly expressed. This is the case in each of the provinces studied.

If there was any controversy at all concerning the negotiations in Saskatchewan, it had to do with signing subagreements at the same time as the GDA. The province had agreed to the drafting of a 'general' GDA only if it was accompanied by one or more subagreements. The province felt ready to sign agreements in late 1973, but DREE officials were not ready to move quite that quickly. Most other provinces were not as advanced in negotiations as was Saskatchewan, and the aim was to sign all GDAs in quick succession. Thus, the GDA and any other agreements would be delayed until early 1974. To ensure a meeting of minds on the timing of the GDA signing, the DREE Minister was willing to expedite some
changes to the RDIA program of special benefit to Saskatchewan (designating the entire province) and to sign an Interim Planning Agreement at the same time. As events unfolded, these concessions did not become necessary.

British Columbia negotiations were quite different from those of Saskatchewan for reasons noted earlier. There were no longstanding traditions or mechanisms in the province for joint federal-provincial negotiations of the type the GDA involved. The NDP government was new to the province and appeared very reluctant to accept the conclusions reached in economic studies under the former government. This unease led the government to push for a slow, measured approach to the planning and signing of the British Columbia GDA. The government had a series of 'fundamental studies' done on the British Columbia economy by faculty of the University of British Columbia (UBC). These studies, to the government at least, had raised questions about the effectiveness and impact of development policy past and present. A line department, the Department of Economic Development, was given the task of liaising with DREE in the development of the GDA.

The influence of academics on the process in British Columbia is clear. At meetings held, British Columbia officials brought out the fact that they did not want to engage in programs that were bad theory, they preferred a wider evaluation, a thorough treatment of the alternative and the benefits and costs attached. The consultants retained

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75 Letter Mair to Peel, March 14, 1975; and minutes of Federal-Provincial GDA meeting, Victoria, March 28, 1974.
76 DREE records on Federal-Provincial officials meeting, Victoria, March 24, 1974.
from UBC, principally Dr. Rea, played an important role in shaping the provincial government stance in negotiations. There appeared to be a genuine desire for planning. There was also some provincial political reluctance to endorse prematurely DREE efforts in the province. A meeting of officials recalled that "a majority of provincial ministers have been unsympathetic to DREE activities." 77

It was clear from the earliest discussions that a long-term planning exercise would need to precede any major subagreement activity in British Columbia. This did not overly concern DREE as long as the GDA was in place as a guide to that planning. British Columbia was not a high priority province for the federal development effort, and a protracted planning phase would be acceptable. The only area which generated any urgency and interest in funding was highway improvement. The earlier WEOD had made clear the federal commitment to improved transportation in the West; and, furthermore, interest was reinforced by the fact that Sandy Peel, the DM of the British Columbia Department of Economic Development, had come from the federal Ministry of Transport and had been the official in charge of National Highways Policy. British Columbia knew what it wanted to do in highways development, and the only negotiating point with DREE was over cost-sharing ratios. 78

Accepting that planning would be a prerequisite, DREE proposed the mechanism of an Interim Planning Agreement (IPA). On March 13, 1974 Jamieson forwarded the signed IPA to the province. Under the Agreement,

77 Idem.

78 Minutes of Executive Board Meeting, Saskatoon, March 20, 1974.
sixteen major studies were commissioned, again by consultants, to be equally cost-shared between the senior governments. These IPA studies were to set the stage for development opportunities under the sub-agreements. It is interesting to note that DREE was not involved in this planning exercise, and in fact by late 1975, DREE still had not received copies of any IPA planning studies.

At the same time as the studies were initiated, DREE and the province settled on the priorities to be noted in the GDA. The province was especially anxious to include spatial priorities in terms of the northwest, the Kootenay area and the northeast. Apart from these priorities, British Columbia and DREE drafted a GDA with objectives and strategies very similar to the British Columbia 'Yellow Book'. The leading sectors in the provincial economy were identified, as was the need to diversify away from the lower mainland and the need to encourage major development projects.

In New Brunswick, the negotiations leading to the GDA took place in an atmosphere of familiarity, both with the concept being considered and the delivery mechanisms involved. New Brunswick lacked the expertise to challenge what DREE was specifically putting forward, and moreover the province was not anxious to acquire the expertise. Savoie reports the provincial contention "that planning entails little benefit and that it often provides a means for officials to circumvent (political) decision-making authority."79 The province welcomed the GDA approach and was not about to jeopardize its claim to increased federal spending

79 Savoie, op. cit., p. 40.
simply over the matter of who did the planning.

For the negotiations, the New Brunswick cabinet secretariat served as the main contact point. This office coordinated a range of programs and did not devote special attention to the upcoming Agreement. In fact, government operations were intended to function much as they had in the past, and no major new interdepartmental coordinating procedures were established. New Brunswick was neither concerned with analysis nor with coordination but had an implicit faith in DREE and wanted the increased spending effort the GDA implied.

Where negotiations did slow down, although not seriously, was over the New Brunswick desire to sign simultaneously a subagreement concerning highway improvement. However, DREE was anxious to have the GDA finalized first. Realizing this urgency, the province decided to wait until it had the spending commitments it wanted. The decisions were being made at the political level, with Premier Hatfield meeting several times with Jamieson to get the required assurances. With the arrival of 1974, an election year in New Brunswick, both parties then had their reasons for wanting the GDA in place. The Agreement was signed in April of 1974. The objectives and strategy of the Agreement, not surprisingly, mirrored the New Brunswick Yellow Book.

3.9.3 Summary of Differences and Some Implications

A major contrast existed in the attitudes of provincial politicians and officials to the federal presence and the GDA concept. It has been noted that Saskatchewan and New Brunswick had a long and varied

\[80\] Ibid., p. 108.
experience dealing with federal-provincial development issues. In British Columbia, on the other hand, officials experienced what may be called a 'built-in antagonism'. The province was highly sensitive about its jurisdictional rights; it had not endorsed the federal-provincial concept of development, and there was no particular need to do so since most of the decentralization and GDA planning had taken place in Ottawa without British Columbia input. The proposed cost-sharing ratios may have had an effect on the lack of provincial receptiveness. New Brunswick seemed to have been more attracted by the 80:20 cost-sharing ratio than it was repelled by the prospect of federal intervention. Saskatchewan was also offered an attractive 60:40 federal-provincial split.

With the more pervasive federal-provincial contact in Saskatchewan and New Brunswick, there evolved a better understanding and a closer agreement on fundamental values to be pursued under a GDA. The 'Yellow Books' and other overview material had been close to joint productions. In British Columbia, the government had not participated in the 'Yellow Books' and felt no loyalty to them; in fact, it was still acquiring a familiarity with the intricacies of federal-provincial negotiations. These factors combined to give the GDA negotiations an air of uncertainty.

The above-noted conditions had an impact on the planning activity that preceded the GDA. Saskatchewan and New Brunswick were anxious to finalize spending commitments under specified subagreements, while the British Columbia negotiators, aided and abetted by a passive federal.

81 Interview with DREE officials, Appendix D, No. 10.
effort, were interested in a period of careful study of the British Columbia economy before specifics were agreed upon. Well before the GDA came into being in Saskatchewan and New Brunswick, the officials had tentatively agreed on a series of future policy measures. Meanwhile, British Columbia was retaining consultants to advise on what those measures ought to be. The highly pragmatic attitudes and the implicit faith of New Brunswick is in stark contrast to the caution and the analytical bias of British Columbia. Saskatchewan was no less pragmatic than New Brunswick but recognized the value of planning and was willing to draw on DREE resources more so than the other provinces.

The attitudes and the planning activity gave rise to another set of distinctions. The provinces each had a different administrative-organizational response to the upcoming GDA. New Brunswick treated the Agreement very casually. The province did not alter its structures or processes to accommodate the GDA; it did not need to since the mechanisms had long been in existence. Also, the province left much of the analytical work to DREE and thus eased pressure for changes to its own systems.

In Saskatchewan, a central planning committee linked to cabinet was in place and led the provincial negotiations. This was also the case in New Brunswick. However, Saskatchewan officials took a much more active interest in shaping the negotiations, in actually selling the GDA concept to the provincial cabinet. There is some evidence that it needed convincing, which was not at all the case in New Brunswick. 82 Officials

also took more interest in the planning activity. The key provincial
negotiator was an agricultural economist with a good deal of planning
experience as the Chief Planning Officer in the cabinet secretariat.
Also, he had been a DREE employee and had worked earlier in the prepara-
tion of the 'Yellow Books'.

The Saskatchewan government had recognized the new coordination
responsibilities which the GDA and the decentralization of DREE would
bring. The Premier indicated at the WEOC that Saskatchewan was restruc-
turing its public service to align with the proposed DREE re-
organization.\textsuperscript{83} Saskatchewan took the GDA approach very seriously; it
recognized both the coordinating objectives and the goals for comprehen-
sive, analytically sound policy.

In British Columbia, neither DREE nor the provincial government
were quick with an organizational response to the GDA. On the DREE side,
staffing was slow. By mid-1974, the Victoria office was still only
partially staffed for GDA purposes. A very 'low key' DG had been
appointed who was not about to push the province into activity. As for
the province, it had selected a line department as the GDA contact, which
then communicated formally through a cabinet committee. The GDA negoti-
atations were some distance from the heart of British Columbia priorities.
DREE could not bring as much influence to bear on British Columbia as it
could through its good relations in Saskatchewan and its somewhat free
hand in New Brunswick.\textsuperscript{84} DREE saw the British Columbia 'bureaucracy' as

\textsuperscript{83} WEOC, \textit{op. cit.}; p. 113.

\textsuperscript{84} Interviews with DREE officials, Appendix D, No. 10.
disorganized, poorly coordinated and having its own internal struggles. It was also difficult to gain influence in British Columbia because the 'bureaucracy' did not seem to have the confidence of the new NDP government. DREE officials could not access the political levers in the province by regular official channels. In fact, it was not until after a ministerial-level meeting on the GDA in March of 1975 that British Columbia began looking seriously at the GDA. The signing of the Agreement in 1974 was largely a means of getting a planning exercise underway. \(^{85}\) All but a few senior officials were excluded from the process, and the politicians were undecided as to the appropriate activities to pursue. They sought help not in the 'bureaucracy' but in consultants under the IPA.

One final contrast should be noted. The role of politicians in New Brunswick and British Columbia was much more evident, for very different reasons, than was the case in Saskatchewan. Politicians in New Brunswick conducted negotiations directly with the DREE minister; the Premier himself was very close to the negotiations. In the case of British Columbia, politicians were also involved, with a few key officials, in even the most detailed discussions. In Saskatchewan, politicians relied on the political wisdom of senior planning staff from the cabinet secretariat. Both New Brunswick and Saskatchewan were politically committed to the GDA. The former had some distinct and important policies to effectuate through the GDA, while the latter had political

\(^{85}\) DREE, "Briefing Notes on the Status of DREE B.C. Initiatives under the GDA" (Victoria, June 18, 1975).
stability and confidence in its senior staff and fewer immediate political priorities to pursue. British Columbia had neither the pressing political motives of New Brunswick nor the confidence in staff of Saskatchewan.

This chapter has shown that the GDA concept and the reorganization of DREE were logical if not unavoidable steps in the evolution of the federal regional policy process. The two themes which have consistently underlined regional policy have been the need for comprehensive and highly coordinated policy. In response to these themes, it became clear by the mid-1970s that an increased involvement by the provinces was inevitable. Provinces, supported by the academic community, the parliamentary opposition and public opinion, had asserted that "they reflect the regional will better than Ottawa can, and that they should engage in developing and implementing their own development strategy."

The GDA mechanism promised to satisfy the provincial demands and also complied with the early objectives that the first DREE minister, Jean Marchand, had expressed in 1968: long-term policy and planning, aiming at comprehensive development on a wide range of economic fronts.

and coordination of federal departments and provincial governments.\footnote{Jean Marchand, "A New Policy for Regional Development," an address to the Atlantic Economic Conference (October 29, 1968).} The following chapters will examine and analyze the cognitive and coordinating processes implied in the attempted achievement of the above objectives.
CHAPTER IV

APPLICATION OF THE ANALYTICAL MODEL: CASE STUDY OF BRITISH COLUMBIA

The purpose of this chapter is to examine the policy-making process which resulted in subsidiary agreements in British Columbia. The next chapter will examine the formulation of subagreements in Sáskatchewán. The approach to these analyses will be similar, employing the model of the cognitive and coordinating dimensions of policy-making introduced in Chapter II.

Each executed subagreement (up to July 1980) in the two provinces will be traced briefly from its origins to the point of signing and beyond signing where there appears to have been elements of program implementation that owe a legacy to processes that preceded. In recalling the evolution of the agreements, particular attention will be paid to the nature and extent of the various inputs and to the vertical and horizontal coordinating activities that took place. These activities, corroborated through personal interviews, will then become integrated into an analysis of policy-making processes along the dimensions described in Chapter II.

Given the importance of the policy process model that will be employed, it may be worthwhile to cast the major features and characteristics of policy-making activity in the form of questions. The respective answers may explain the tendency of the process toward the
one end or the other of each of the continua. Dealing first with cognitive processes, the more important questions include:

- How was the analysis conducted and incorporated into policy decisions?
- Was there a tendency for policy decisions to be made before the analysis was completed? Were goals established prior to program implementation? Was use made of policy or program evaluations?
- Did policy emerge from the federal or provincial bureaucracies, from the provincial government, from the federal political level or from the private sector?
- Did policy-makers seek well-defined goals? Did they attempt to rank and reconcile goals, to consider a range of alternatives and to appreciate the consequences of each, and how did they arrive at an assessment of costs and benefits?
- Were the policy decisions expected to be final, or could they be altered before and during implementation?
- Was there an attempt to consider the problems or opportunities in their entirety, including spillovers and distributional effects, and to link the subagreements serially with other federal or provincial policy?
- What was the nature of scanning for opportunities, for a better line of approach? Was it a specialized continuous process? Was there an analysis of any short list of policies and programs that emerged? Was the scanning process made part of policy input?
Turning to aspects of the coordinating processes, the more important questions include:

- How were policies adapted to one another? What effort was made, and who made it, to integrate and link policy activities within DREE, across other federal departments and between federal and provincial governments?

- How were policy-related activities controlled? To which extent did hierarchical control exist in order to influence, set directions and monitor these activities? To which extent was use made of procedures and pre-established routines as coordinating measures? To which extent was coordination conducted through a joint federal-provincial or interdepartmental approach of negotiating and mutual adjustment?

- To which extent were adjustments expected and made respecting the policies and programs extant elsewhere? What was the nature of debate, disagreement and reconciliation between policy-makers?

- How conscious were policy-makers of respective activities of others? Was there communication between them? What was the frequency, official level and subject of contact between the various offices involved?

Before using the above-noted questions to structure the investigation of the relevant policy process in British Columbia (B.C.), attention will first be directed to the general setting and content of the subagreements.
4.1 General Setting for the Subsidiary Agreements

Much of the background has already been noted in the earlier discussion on the evolution of the GDA itself (Section 3.9). Associated with its signing on March 28, 1974 was pressure from the provincial NDP government for a Planning Agreement and an agreement dealing with the Northwest area of the province. DREE initially felt reluctant to enter into a broad reaching Northwest (N.W.) agreement because of a lack of data. At that time, the Department, however, would have considered an agreement on a single target forestry operation. Very soon after the GDA signing, the attitude of the province toward the suggested N.W. agreement began to change for a number of reasons. Provincial Cabinet ministers attended a series of local meetings in the Northwest area of the province in spring of 1974 and found a wide divergence in views and received an unfriendly reception. This resulted in an attempt to clarify the provincial position on the area. The Environment and Land Use Committee of Cabinet (ELUC) undertook a series of studies that culminated in development proposals for the area. The subsequent report in the Vancouver Sun (December 19, 1974) was highly critical and was followed by a period of public argument which lasted well into 1975 and which failed to be resolved in the form of a N.W. agreement.

An Interim Planning Agreement (IPA) was signed on March 31, 1974. The IPA was not a subsidiary agreement; furthermore, it was not negotiated with the province. Already in November 1973, the federal cabinet had approved $500,000 for interim planning in the province to prepare the way for the signing of subsidiary agreements. This approval,
under Section 5 of the DREE Act, called for the province to contribute equally to the planning exercise.

The B.C. government at that time was supportive of planning activity. At a federal-provincial meeting on March 28, 1974, the chief provincial negotiator explained that the province did not want to implement, or engage in, programs without a conceptual planning base. The province aimed at a "firm concept for the whole of the province."\(^1\) To help establish that concept, a group of consultants, mostly with academic backgrounds, conducted both sectoral and spatial analyses of all major components of the provincial economy. Oddly enough, although the studies were cost shared, DREE did not receive reports until April 1975. Even then, the reports were "not to be made available to any other federal department until and unless a subsidiary agreement is negotiated."\(^2\) It was only at the end of 1975 that study results were made available to DREE offices in Saskatoon and Ottawa.

The first Director General (DG) for DREE in the province was sympathetic to the planning desires of the provincial government. He remarked in September 1974, "we face a period of planning/study by the province. This permits us the luxury of examination or re-examination of our thoughts, goals and program tools."\(^3\) While he was concerned that national, regional and provincial policies were mutually supportive, he

\(^1\) Federal-Provincial meeting notes, March 28, 1974.

\(^2\) Letter, Peel to Mair, March 31, 1975. (For title and association of these and subsequent correspondents, see Glossary of Names.)

\(^3\) Memorandum, Mair to Peel, September 30, 1974.
was less concerned with timing, feeling that "while we have proceeded more slowly in B.C. than in some other provinces, we hope to produce agreements that might be viewed as models across the country."\(^4\) Meanwhile, the provincial government had moved the IPA study group into its Department of Economic Development, and the "time-consuming but highly desirable process towards goal identification, planning, coordination and cooperation"\(^5\) continued.

In spite of the promise which the IPA offered in establishing a comprehensive base for policy in B.C., that promise never matured. The Agreement failed to introduce a broad segment of the federal system to planning in B.C.; it failed also as a useful coordinating device within governments since it was implemented largely outside government systems.\(^6\) In fact, by April 1976, DREE and the B.C. government "had not yet used the IPA studies effectively as a planning tool, or even reviewed them carefully to see what, if anything, they tell us about desired development directions in B.C."\(^7\)

By fall of 1975, two subsidiary agreements had been signed: Western Northlands Highways 1974-75 and Fort Nelson. For the most part though, policy development activities had been at a very minimum. This changed drastically in 1976 with the occurrence of several events. In October 1975, Marcel Lessard replaced Don Jamieson as the DREE Minister,

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\(^4\) Letter, Mair to Peel, March 14, 1975.

\(^5\) Letter, Peel to Mair, October 15, 1974.

\(^6\) Interviews with DREE Officials; Appendix D, No. 9.

\(^7\) Memorandum, Hanneson to Marshall, April 30, 1976.
and a new DG arrived in B.C. in November 1975, after leading an active program of subagreement development in New Brunswick. In early 1976, the provincial NDP government was defeated and replaced by the Social Credit government of Premier William Bennett. Finally, the Saskatoon based Assistant Deputy Minister (ADM) was replaced by the former DG for Manitoba. With these changes, the pace of activity accelerated.

4.2 The Subsidiary Agreements

By July 1980, a total of ten subagreements had been signed between Canada and B.C. These represented seven distinct areas of activity. A listing of the Agreements with the shared costs and management participation is given in Appendix C.

4.2.1 Northern Highways 1974-75; 1975-76; 1976-79

Three separate agreements, signed in August 1974, February 1976 and March 1977, committed $56 million to highway improvements in Northern B.C. The agreements, equally cost shared with the province, were a direct consequence of the Western Economic Opportunities Conference (WEOC) held in 1973. The WEOC commitment toward improving transportation in the West called for federal contributions averaging $5 million per year over a ten year period for each of the Western provinces. In addition to the WEOC commitment, the federal Ministry of Transport (MOT) had prepared a National Highways Policy which Cabinet approved on May 22, 1974.

8In September 1978, in the era of restraint, the federal government withdrew from the second five-year phase of Northern Highways in B.C. and Alberta.
It is interesting to note that the MOT official in charge of the Highways Policy was by 1974 to become Deputy Minister of the B.C. Department of Economic Development and lead the province in its discussions with DREE under the GDA.

'There is a further linkage of the Highways agreements to MOT. The federal investment of $28 million in Highways was cost shared equally by DREE and MOT. MOT and provincial officials had conducted studies of transportation needs in the North. These studies, however, had not been assessed by DREE in making its Highways commitments. DREE, in fact, saw the agreements not so much as subagreements but rather as MOT transportation commitments to which DREE contributed.'

Moreover, the entire federal contribution was viewed as little more than a simple transfer of money to the province for road construction. The DREE DG by early 1976 was opposing further such ad hoc agreements, the generality of which "led the province to use the federal payments as transfer payments."  

It became apparent that DREE contributions to the Highways agreements were based on political commitments made in 1973 and that little, if any, independent analysis preceded those contributions. DREE briefing notes suggested that concerning highways "the federal government undertook a commitment at WEOC which was reaffirmed by the Prime Minister, and the level of funding does not warrant exhaustive analysis."  

Furthermore, the agreements, particularly the 1975-76 version, were signed when

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9 DREE (B.C.) briefing notes on Highways, 1976-79.
11 DREE (B.C.) briefing notes on Highways, 1976-79.
the actual implementation was completed or well underway. Very little opportunity was afforded DREE for an analysis of impact or alternatives concerning the expenditures. The DG acknowledged that the spending under the Agreements was not necessarily supportive of DREE's concept of locating development infrastructure. The so-called interim agreements of 1974 and 1975 were not means of planning for this longer term notion of development, but rather had their basis in political rationale. These initial agreements were "interim" largely because the B.C. government wanted to raise highway and transportation facilities to the level of a sectoral subagreement under the GDA rather than making them a sub-component of a Northern economic development program. DREE accepted this position as an interim step.

The 1976 Agreement had no more analytical support than did its predecessors. It was signed at the end of March 1977, again involving a major retroactivity provision on expenditures, largely because MOT was unable to carry over its funding for the programs to the next fiscal year, and thus the money would lapse if not committed. The lack of a synoptic approach was also apparent in the way data to support the Agreement were collected. MOT employed an "analysis questionnaire" which was completed using data supplied by provincial officials in February 1977. MOT was primarily interested in the data so that the Agreement would pass.


through the federal system successfully. 15 DREE viewed the MOT interest in Northern highways as being less than enthusiastic, and officials remarked that MOT contributions had something of a "wooden action" to them. 16

The WEOC legacy with its MOT involvement was a frustration to DREE. Throughout, the Agreements were seen at best as an opportunity to be visible and build some credibility with the province. They were not seen as a serious regional development tool requiring careful federal or provincial analysis. The rationale for the WEOC commitment itself also must be questioned. The allocation to each of the Western provinces did not account for varying costs of road construction, for varying degrees of development in the target areas, for varying provincial capacities to finance their portion of the Agreements, or for periodic evaluations. The Agreements became a mechanical transfer of money and were not well integrated with other development activities. In fact, the cost sharing and the total funding had all been set out prior to the GDA being in place. The only real coordination that was undertaken involved the monitoring of activities, particularly expenditures, by an Inter-departmental Committee on Highways. Treasury Board indicated in its approval of Northern Highways 1976-79 (agreement) that this would be the last DREE subagreement to include a retroactivity provision. In this light, the GDA became but a convenient delivery mechanism.

4.2.2 Fort Nelson

The Fort Nelson subagreement to provide water and sewerage infrastructure in this Northeastern B.C. community was signed on September 23, 1975. The total $7 million commitment was shared between three levels of government: the local level provided $1 million; the federal share of $3 million was contributed by DREE ($1.9 million) and CMHC ($1.1 million); and the remaining $3 million came from the province. The Agreement was supported on the basis that it would alleviate a serious water and sewerage capacity problem that was threatening further development in the community. In actuality, however, the Agreement put forward by the province was considered as a basis for testing and refining the joint management and implementation systems for use in more complex subagreements.

Nowhere was there undertaken a prior thorough analysis of the Fort Nelson initiative. The Ministry of State for Urban Affairs suggested that DREE acceded to provincial plans despite the absence of comprehensive development plans for the Northeast region as to priorities and strategies. 17 Officials of the federal Finance Department expressed concern that there was no supporting framework of other programs to encourage development. 18 Treasury Board in approving the Agreement was concerned over DREE support for normal municipal growth not directly related to development or job creation. The Agreement was approved on

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18 Comments made by OGDS on the draft Agreement and reported July 7, 1975 in a memorandum from Daniels to Francis.
the understanding that similar initiatives would not be undertaken without guidance from the Board. DREE was quick to admit that Fort Nelson was a special case, not to be repeated since it was outside the normal DREE mandate.

DREE was concerned about its credibility with the province, i.e. being able to deliver an agreement within the new decentralized organizational structure. The Department was anxious to move quickly. The Agreement was seen in draft form by DREE senior management in June 1975, and by mid-July Treasury Board had approved the proposal. OGDs were involved at about the same time as the final Board Submission was prepared. It was clear that cognitive and coordinating processes were still being formulated by officials. Even though the Fort Nelson Agreement was not expected to set a precedent, it did show that DREE was prepared to enter into a multi-million dollar commitment without careful attention to either cognitive or coordinating processes. Everyone connected with the Agreement freely admitted that it was not a good example with which to begin the GDA experience in B.C. (As noted, the Highways Agreements were essentially a fait accompli prior to the GDA.)

4.2.3 Northeast Coal and Northeast Coal 1977-1981

These Agreements committed a total of $13 million, equally cost shared between DREE and the province, for a thorough assessment of the potential and the implications of major development in Northeast B.C. Both Agreements dealt with the same general areas of study including resource supply, transportation needs, environment impacts, manpower needs and economic and financial analysis. To design and manage the study program, six federal-provincial sectoral subcommittees were established with representation from the four federal and three provincial

19 Letter, Morin to Francis, August 1, 1975.
departments that signed the Agreements. In fact, the federal involvement in Northeast Coal went well beyond the four signing departments (Industry, Trade and Commerce (IT&C), Energy, Mines and Resources (EM&R), DREE and MOT) to include at least eight others. This broad OGD involvement combined with the analytical emphasis prompted observations that Northeast Coal was the best example under the GDA of a truly prospective view. DREE had the coordinating and management mandate and also had the funds. With the degree of analysis demanded, Northeast Coal became, according to one senior federal official, "the only real multidepartmental exercise under the GDA". In spite of the participation of OGDs and offices of DREE, it could not be said that this participation was well coordinated. Neither the Department in Ottawa nor the Regional Office were able to effect much control over the activity. Although the DM and the ADM (Planning and Coordination) based in Ottawa were involved along with the B.C. Director General, it was the provincial government that, in fact, had taken the initiative.

In the first Agreement the program of studies was designed and undertaken by the province beginning in 1976 and, in fact, going back as far as the IPA studies of 1974. Since the provincial government was generating the data, it was in a determining position as to how coordinating processes would be engaged. A federal-provincial meeting on coal was held in Ottawa April 20, 1977 at which firm deadlines were set by the province for the completion of cost-benefit analyses. It was clear.

20 Interviews with DREE Officials, Appendix D, No. 9.
21 Interviews with DREE Officials, Appendix D, No. 6.
that the B.C. Cabinet was central to the timing, nature and extent of analysis and also to the ultimate decision on coal. It was the province that felt pressure to demonstrate progress on the coal opportunity. The DG reported that there appeared "an aura of desperation in the Province's current efforts to launch Northeast Coal." Federal officials meanwhile were less eager on the development because of perceived soft international markets.

Most of the provincial initiative can be attributed to the fact that managing the coal resource clearly fell within provincial jurisdiction. This could not, however, relieve the federal participants of responsibility to coordinate their own activities. This coordination appeared to have been haphazard. Studies were conducted by EM&R of which DREE had no knowledge; these studies were prepared as a result of "off-the-cuff Ministerial direction." In fall of 1976, both the B.C. and Ottawa offices of DREE were working independently on a draft of the first coal agreement. In March of 1977, DREE officials in Victoria reported that DREE offices were regularly 'crossing wires' over control and distribution of information. Regional officials even suggested that material be sent to the Ottawa office later than to OGDs and then only material that the DREE B.C. office felt to be important. Reversely, there was also evidence that 'Ottawa' was conducting discussions without involving 'Victoria'. Throughout all this confusion, the third party to B.C. Coal


development, the private sector, could not be but equally confused. Officials reported that the private firms were "dumbfounded but too polite to express their real opinion as to DREE's uncoordinated approach. As coordinators on the federal side, very little of our creditability [sic] remains."\textsuperscript{25}

By summer of 1979, the problem of interdepartmental and intradepartmental coordination on the federal side was complicated by difficulties in intergovernmental coordination. The DG reported that federal officials had not been party to all negotiations. Officials were prepared to threaten the province over access to negotiations and information: "give us access, or federal decisions will have to await federal analysis."\textsuperscript{26}

There is no evidence that federal decisions were made without waiting for the analysis. One official reported that a thorough analysis was essential to convince federal ministers to delay any approval on Northeast Coal until market conditions improved.\textsuperscript{27} There were also other reasons for the full evaluation of the development. The potential impact on the Northeast area, on the province and on the federal economy was significant; in fact, an entire new community would be created as well as major rail line additions and a deepwater port. The impact of

\textsuperscript{25} Memorandum, Robertson to Marshall, March 12, 1977.

\textsuperscript{26} Memorandum, Marshall to Collinson, July 11, 1979.

\textsuperscript{27} Interviews with DREE Officials, Appendix D, No. 3. The study process respecting Northeast Coal was extended a full two years owing to slower growth than expected in markets. The second Agreement was to expire March 31, 1978 but was extended to March 31, 1980.
the development of new coal resources would also be felt by existing coal producers in the Southeast of the province. Federal officials were sensitive to the possibility that these producers would argue for equal consideration for Southeast properties. In fact, for these producers who were already tied in with port and transport facilities, the cost of development could be lower. Because of the conflicting views and opinions, officials felt it vital that the federal government have the facts and the comprehensive analysis in hand.

There is little doubt that Northeast Coal was among the most intensively analyzed issues (over seventy major studies were prepared) under the GDA. Three years of study covering several development options had satisfied officials in B.C. that commitments would be justified with an improvement of the market situation. Although there was justification for the commitments, the analysis seemed to be inadequate in its breadth of focus. While some attention was paid to the Alberta government and to the coal industry in that province, there was a lack of sufficient consideration regarding the possible integration and joint exploitation of available markets. Rather, the Alberta resource base—and for that matter the resource base in the Southeast of B.C.—was seen as competitive with that of the Northeast. Federal analysis did not encompass an assessment of which type and scale of investments might be most beneficial from the regional or national perspective. A Western Region "Group on Energy and Related Matters" was established in 1977 but was quickly disbanded. DREE offices by-passed this group, which was not staffed for detailed independent study, and the Saskatoon Regional Office itself did not see the need for a second forum for coal study outside of that in the provinces.
In the formulation of this Agreement, cognitive processes were in most respects highly rational, but the tendency toward a complete analysis of issues was a function of a variety of unusual pressures rather than a desire for knowledge upon which to base an independent DREE position. Coordinating processes still had not evolved to where any clear efforts in coordination were made by DREE officials at the regional or headquarters levels.

4.2.4 Industrial Development

The Industrial Development Subagreement (IDSA) was signed July 8, 1977 and committed expenditures of $70 million, equally cost shared, over a five-year period. The main elements of the Agreement included research into industrial opportunities, community industrial development and assistance to small enterprises. The support for community industrial parks was by far the largest at $59 million. Also, the province and DREE each agreed to deliver, outside the framework of the Agreement, $20 million of industrial assistance on a unilateral basis. DREE wanted to include the Regional Development Incentives Program (RDIP) in its industrial development policy in B.C., and the province was opposed to any direct grant assistance to the private sector, preferring the use of loans and loan guarantees. To overcome the disagreement over delivery mechanisms, each party undertook an additional program component to deliver according to their preferences.

Federal delivery of industrial development assistance in B.C. was not new as has been pointed out earlier. Under the Regional Development Incentives Act (RDIA), the east Kootenays had been
designated for direct federal assistance. This designation remained in effect through a series of extensions until December 1975. Already in January of 1975, discussions had begun with the province on a possible subagreement to replace the RDIP. Negotiations were very slow to evolve due partly to the aforementioned disagreement over delivery mechanisms and also due to reluctance to make the difficult geographic selection decision required for a RDIP-type approach.29

In spite of the apparent lack of provincial enthusiasm, DREE proceeded to prepare a draft agreement with total funding at a level of $36 million. To DREE officials, "There was nothing terribly unique about the program suggested."30 DREE (B.C.) found itself under considerable pressure to spend money, and officials wanted an industrial subagreement underway before the end of 1976. It appeared that the province too was under some pressure since the provincial Minister of Economic Development viewed an industrial development subagreement as a "political necessity."31 With the disappearance of the RDIP, concern arose in some sectors of the province over a replacement for that program. In this period, DREE officials admitted to "contributing to the pressure which has been brought to bear on the Province to agree to an industrial program."32

28RDIA--the legislation--and the RDIP--the program--are used interchangeably.


30Memorandum, Marshall to Collinson, August 12, 1976.

31Memorandum, Marshall to Collinson, August 12, 1976.

32Idem.
Political interest had clearly surfaced by March 1976 with federal Minister Lessard and his provincial counterpart Phillips agreeing in principle to an industrial initiative. There was a major difference only in the level of funding proposed: $36 million by DREE and $144 million by the province.\textsuperscript{33} DREE background notes to the Agreement contained the official rationale for settling on a figure of $70 million, i.e., given the present state and experience of the provincial system, a level in the $60-$80 million range would be realistic.\textsuperscript{34} The level of $70 million was settled by the Federal Cabinet. The figure had very little to do with any comprehensive analysis of needs, impacts or alternatives; it was quite arbitrarily decided upon by officials on the basis of a subjective impression of what amount might be acceptable to federal ministers.

Aside from the obvious lack of an analytical basis for the size of the Agreement, there were other indications that a synoptic perspective had not been employed. DREE officials relied on the province to provide the analysis in support of the Agreement. By the third draft late in 1976, there still was not "a convincing case for the need for or objectives of the Agreement."\textsuperscript{35} The Agreement was not well linked to other initiatives current in B.C. Meanwhile, in a 'telex' to Minister Lessard on December 15, 1976, the provincial Minister Phillips was applying

\textsuperscript{33}The suggested commitments altered widely and included federal and provincial proposals at $42 million, $80 million and $114 million in addition to the above estimates.

\textsuperscript{34}Memorandum, Marshall to Collinson, January 28, 1977.

\textsuperscript{35}Memorandum, Turner to Hanneson, December 15, 1976.
pressure to have the Agreement signed. Phillips stated that the
detailed analysis of the need had been done and that by February 1977
delivery of a final copy of the Agreement was expected with an assurance
of an April 1, 1977 signing date.

It was clear that, while some were satisfied with the analysis,
others had not yet been properly consulted. The federal DM of
Finance noted that as of mid-February 1977 his Department had not yet
been consulted on the Agreement. On the provincial side, the British
Columbia Development Corporation (BCDC), destined to have a major role
in implementation, was not involved in any of the negotiating meetings
to March 1977. Yet, by this time, only funding commitments were left
unsettled. Thus, there was still no central direction to coordinating
processes.

The lack of a comprehensive and properly coordinated approach
became even more apparent after the Agreement had been signed. An amend-
ment was proposed by the province in May 1978 that would have made the
BCDC the active development agency on behalf of communities targeted for
industrial infrastructure assistance. It had become evident that the
community focus of the Agreement was being hindered because municipal
governments were not willing to carry the large debt loads involved in
financing the expansion of industrial infrastructure. The amendment was
not affected, but it showed that local governments, with their own
strategies on industrial development, had not been brought in to the

policy process.

There was also some evidence that the needs assessment supporting the distribution of funds was inadequate. By December 1977 it was clear that the upper limit on capital costs for eligibility under the small business program was simply too low. This upper limit of $60,000 was taken from the New Brunswick industrial agreement and applied in B.C.; thus, few projects of major significance could be developed.\(^{38}\)

In August 1978, officials spoke of the 'silent' sections of the Agreement where $29 million had been committed and not a cent spent.\(^{39}\) Major expenditure problems were forcing officials to turn from a purely responsive to a promotional mode in order to generate cash flow. Again, the target, the impact and the consequences were not as much at issue as was the spending of the commitment.

The Industrial Development Agreement began as an incremental measure, following a considerable federal experience in industrial policy and programming in B.C. Yet, the policy conveyed an approach that was not sensitive to the circumstances found in B.C. Political and administrative pressures combined to create an atmosphere not conducive to careful analysis of the basis for policy or to deliberate coordination of the interests affected by the policy.

\(^{38}\) Memorandum, Collinson to Love, December 13, 1977.

4.2.5 Agriculture and Rural Development

The subagreement on agriculture represented a continuation of federal interest that went back to the general Agriculture and Rural Development Agreement (ARDA) which began in October 1962. A long series of extensions kept ARDA operational in the province; the last extension had the program expire on March 31, 1977.

The subagreement, signed on July 8, 1977, carried an equally cost shared commitment by the federal and provincial governments of $60 million.\(^{40}\) The funds were designated for development of the agricultural land base, for research and training in new technologies and for support services to stimulate further agricultural processing and community development. This strategy for development was only slightly different from ARDA, since policy had been gradually moving to support resource processing and job creation and away from traditional support of irrigation projects and community pastures.

Official-level discussions on a possible subagreement began in October 1976, following a request by the B.C. Minister of Agriculture to Minister Lessard that an ARDA-type policy be continued in B.C. Shortly after, DREE officials were able to report "for the record" that the drafting of a subagreement on agriculture had begun.\(^{41}\) The Agreement first had a price tag of $100 million, this was reduced to $80 million and ultimately to $60 million. The rationale for the reductions was no

\(^{40}\)An additional $26.75 million was to be provided through local contributions either from the private sector or local government depending on the nature of the project.

\(^{41}\)Memorandum, Marshall to Collinson, November 26, 1976.
more supportable than was the case with the IDSA. The major reasons included the concern that the agricultural industry could not respond to a $100 million level of government spending and that the province lacked the staff resources to deliver a program of this size. The Federal Cabinet in April 1977 set the upper federal spending limit on the Agriculture Agreement at $30 million. It appears that once these dollar limits were set, officials then incorporated into the Agreement sufficient programming to match the funds available—not at all the expectations that one would associate with comprehensive analysis.

Concerns were also expressed over the economic rationale for some of this programming. To officials, "it became increasingly evident that there was insufficient rationale to demonstrate specific projects," for example, large scale land improvements and the vertical integration of the beef industry. Questions on the marketing and economic viability of these measures had not been answered because of a lack of suitable data. To deal with these gaps in knowledge, officials decided to incorporate a broad planning and study capability into the Agreement (it amounted to $5 million).

Ideally, the above planning and study work would be done prior to policy implementation, but officials were feeling political pressure to have the Agreement prepared for signing by July 1977. In April 1977, the DG wrote of this pressure suggesting that the "near futility" of the

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42 Memorandum, Marshall to Collinson, April 15, 1977.
date made the coordination and analysis tasks associated with the Agreement more difficult to fulfill. It was two months after the Agreement was signed that the Regional Director of the federal Department of Environment (DOE) became aware of it. DOE was expected to review projects under the Agreement.

In terms of analysis, DREE was unable to do any substantial independent work but rather relied on data generated by the province, including the five-year agriculture policy of the B.C. Department of Agriculture, the IPA studies on the agriculture sector and the ELUC land capability study. The emphasis was on examining the circumstances of the agriculture sector rather than the impacts of specific policy measures. In fact, the DG was anxious that the Agreement allow flexibility in implementation sufficient to pursue a wide range of rural development and agriculture programming. Officials were content to have the policy unfold over time; some of the problems with this incremental approach were soon to appear.

The policy overestimated the private sector demand for the specific program measures. It was two months before any real interest was shown in the Agreement by the agriculture industry in the province. This partly explains the 1977-78 relatively low cash flow of $1 million

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44 Memorandum, Marshall to Collinson, April 19, 1977.

45 It is interesting to note that the B.C. Agreement was later submitted virtually intact as a draft subagreement for Saskatchewan by the Saskatchewan Department of Agriculture (January 1978).


below estimates. Success of the policy depended upon economic leverage applied by the governments through the provisions of the Agreement aided by the planning and coordination component. DREE was concerned that the province was not interested in achieving the maximum from this economic leverage and that the province was viewing the Agreement as a bank account. There was an apparent difference in implementation philosophy, i.e., the provincial Department of Agriculture was inclined to use the ARDA format of responding to public demand, whereas the subagreement process demanded an implementation process which actively stimulated public demand.

None of the aforementioned problems was serious in itself but indicates a less than comprehensive assessment of all the ramifications of policy and its implementation. It was at this time also that Agriculture Canada was refining its national agriculture strategies. Early in 1978, this Department wanted a review of relevant subagreements to assure compatibility with national policies. With the cognitive and coordinating processes evident in the B.C. Agreement, there would be no way to ensure compatibility or even that the national policies, such as existed, were referred to.

4.2.6 Travel Industry Development

The Travel Industry Development Subagreement (TIDSA) signed on October 17, 1978 contained commitments for spending $50 million over five years on the B.C. tourism sector. The effort, equally cost-shared between DREE and the Province, had four major program components: an institutional structures development program, a program for upgrading.
tourist related facilities, measures to upgrade key travel generators (particularly ski resorts) and a planning component for the development of long-term strategies.

Serious discussions toward the Agreement began in late 1977 and were prompted by several factors. The province had produced a study entitled "A Framework for Tourism Development Planning" which was seen by DREE as the possible basis of a federal-provincial initiative. The province had also reorganized the Ministries of the Provincial Secretary and Travel Industry giving greater organizational definition and more senior staff to the latter. Even DREE (Ottawa) reflected the interest in the tourism sector by establishing an Interdepartmental Committee on Tourism Policy Review. There was no evidence, however, that this Committee ever became involved in coordination associated with the actual policy-making process at the DREE provincial office level.

Again, it was political interest that served as a major catalyst for discussions. In fall of 1977, the Provincial Secretary McCarthy was pressing for a travel industry agreement which would include a convention center for Vancouver and other measures to commemorate the 1978 anniversary of the visit by Captain Cook to the West Coast. Ironically, while the interest of the Provincial Secretary opened the door to productive discussions at the official's level, it also greatly complicated those discussions. The inclusion of a convention center for Vancouver, a project that DREE stoutly refused to consider, became the key stumbling block to a federal-provincial agreement.

A further incentive for discussions came in the form of three large research applications from ski resorts under IDSA. The DG
suggested the possibility of examining the whole tourism industry with a view to developing a comprehensive approach." The response from provincial officials was not immediately enthusiastic. They felt priority ought to fall much more in the area of assistance for capital investment in plant and equipment for major development opportunities.

It was clear from the beginning of discussions that DREE officials were conscious of the need for a comprehensive approach to the travel industry. DREE approached the Canadian Government Office of Tourism (CGOT), seeking the benefit of current federal thinking and activities in the industry, structure of the industry and its value in B.C. DREE repeatedly emphasized that national implications had to be considered because of the linkages and wide interdependencies characterizing the industry.

Formal discussions between officials were held for the first time in April of 1978. This followed a Provincial Cabinet sanction of the negotiations and an exchange of letters between senior officials. Provincial political interest was steadily growing. McCarthy raised the issue of a travel industry agreement with Lessard at the Ottawa First Ministers Conference held in February. In April, the provincial Minister of Economic Development asked his officials to draft an agreement, and they did so by "cutting and pasting the Nova Scotia Agreement and adding some background material on B.C. Tourism." It was obvious that an

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51 Notes of federal-provincial meeting, May 12, 1978.
economic substantiation was lacking for the components of the first draft agreement. It had been prepared "without the benefit of substantiated or defensible arguments, analysis or documentation" and had an arbitrary figure of $80 million attached. DREE officials were concerned that provincial ministers would use a document "that may by accident contain some reasonable concepts" that included extremely high dollar amounts and that did not yet reflect input from DREE, and would take such a document directly to their federal counterparts.

Provincial ministers and officials were quite eager to truncate the process because of political considerations, which incidentally were beginning to surface on the federal side as well. During spring and summer, over thirty letters had been received by Minister Lessard and the Prime Minister from interest groups related to tourist development in B.C. Soon DREE officials began to share the eagerness of their provincial colleagues. By early June, the official view was that "it is urgent that we consider the provincial documentation as it now exists; even though fragmented, the sub-agreement does indicate objectives and an acceptable rationale." DREE was prepared to allow policy to unfold through implementation.

At the same time, DREE was suggesting a commitment of $50 million, "considering the financial needs of the industry and the provincial capability in delivering programs," or even more generally, "the $50

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53 Ibid.  
55 Ibid.  
56 Ibid.
DREE was also trying desperately to justify at least some contribution to a convention center in Vancouver by calling it a "trade center" and trying to obtain some IT&C participation and sanction of support. IT&C at this time showed little interest; but after DREE had dropped consideration of the center and in the midst of federal and provincial election campaigns in May 1979, IT&C announced its assistance in the construction.

DREE officials were still very concerned that the Agreement was not backed by analysis and that the general level of interest in planning and strategy development was not sufficiently high. The focus was simply on the development of opportunities that seemed worthwhile. Problems in coordination were just as evident as those in analysis. Formal contact had been initiated with CGOT in March. As for other federal departments, they still had no involvement in the policy process by June 1978, well after the DREE-provincial positions had been settled. It was not until the end of July, with the final draft in place, that DREE cleared the Agreement with OGDs. Even the CGOT involvement was limited. There was no direct CGOT input, no independent analysis of the B.C. policy, and the involvement took place in Ottawa where activities were of little relevance to the development of the Agreement. CGOT officials felt protectionism on the part of DREE, i.e., wanting to develop the tourism initiative itself. There was no successful effort at applying a central focus for coordinating processes.

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58 Interview with CGOT Official, Appendix D, No. 11.
As for coordinating research and planning activity, it was decided that this could proceed at the implementation stage, concurrent with other initiatives that could commence with the signing of the Agreement. The strategy was not to plan and then implement, it was to attempt to do both at the same time.

The noted problems in analysis and coordination were recognized, but the political pressure for an Agreement was irresistible. The federal Minister wanted the Treasury Board's clearance of the Agreement by the end of August. He facilitated such a schedule by informing Minister Phillips in July that DREE was officially dropping consideration of the troublesome convention center portion and willing to press ahead quickly on the remainder of the tourism policy. In mid-July, DREE (B.C.) was in the process of clearing the policy through its Regional Office, "where there might be some modest editorial changes" and then forwarding it to Ottawa for quick treatment through OGDs. No coordinating or analytical influence was apparent through either Regional or Ottawa officials.

The TIDSA was a clear example of how apparently good intentions respecting the need for a synoptic approach and extensive coordination collapsed in the face of political pressure. Officials generally did not make a serious attempt to resist that pressure and, in fact, by the end of negotiations had forged a DREE-province alliance that, combined with the political will, made approval of the Agreement a virtual certainty.

60 Notes from federal-provincial meeting, July 14, 1978.
4.2.7 Intensive Forest Management

This $50 million equally cost-shared subagreement was signed on May 18, 1979. Its prime objectives were to enhance reforestation, fertilization and forest protection efforts in the province, i.e., the intensification of forest management. To DREE, the Agreement was a major breakthrough in federal-provincial cooperation on resource management issues. The province had heretofore viewed such initiatives as intrusions into provincial jurisdiction (recall that the Northeast Coal policy dealt with planning and had limited direct operational/resource management overtones). As will be shown, the fact that the Agreement was formulated against the background of federal-and provincial election campaigns may have had something to do with the province relaxing its principles.

In May 1978, the provincial Minister of Forests met with federal ministers to discuss the topic of a forest management agreement. Problems and possibilities of the sector had been on the national political agenda for some time going back to the federal-provincial ministerial meetings on resource sectors held in spring of 1977. In February 1979, Andras, the Chairman of the recently established federal Board of Economic Development Ministers (BEDM), met with the B.C. Cabinet Committee on Economic Development and agreed to a quick signing. The province was confident enough to outline the planned agreement in the provincial throne speech in spring of 1978. It was not until April 1979, however, that a "ministerial agreement" was reached to allocate $50 million to forest management. ⁶¹ Although the money was considered

⁶¹ Memorandum, Marshall to Collinson, April 6, 1979.
inadequate, the province was hopeful that the Agreement could be renegotiated upward after a year or two. The province was more concerned about the inconsistency in its policy approach. On the one hand, the election theme was "B.C. is not for sale"; on the other hand, the government was actively negotiating an agreement involving joint management of the major provincial resource. Meanwhile, the DREE Director General kept reminding the participants of the political value of having a May signing which, in light of the forthcoming elections, would serve the purposes of both parties.\textsuperscript{62} This would also serve officials' interests since a long hiatus was envisaged if the provincial or federal governments were to change.\textsuperscript{63}

Surprisingly, by mid-April DREE was still waiting for the provincial Ministry of Forests to provide the "content" and the "intent" of the Agreement.\textsuperscript{64} It was not until the end of April that OGDs were briefed on the policy. Clearly, the actual substance of the policy was less significant than was the delivery mechanism, i.e., whether, in the midst of an election fought on resource management issues, the province could accede to joint delivery. The issue reached a head when, on May 9, the DREE negotiator walked out of the federal-provincial meeting and broke-off negotiations (centred on joint management). At the same time, provincial Ministers Phillips and Waterland sent a telegram to Andras (BEDM) insisting on the province's right to manage its resources.

\textsuperscript{62} Idem.

\textsuperscript{63} Memorandum, Marshall to Collinson, May 1, 1979.

\textsuperscript{64} Memorandum, Marshall to Peel, April 11, 1979.
Ministerial influence came to the fore and the Agreement was signed on May 18th, with the entire implementation under the jurisdiction of the B.C. Ministry of Forests.

As had been the case with other agreements examined, pressures brought to bear on the policy aspects drastically influenced the nature of cognitive and coordinating processes. The Agreement was signed on the heels of a federal policy announced by BEDM in February 1979 for assistance ($235 million) to the Canadian forest products industry. Only the Treasury Board in its approval of the B.C. Agreement showed any recognition of the lack of integration, saying that no further commitments to B.C. forests would be considered. The pressures to which DREE provincial officials were responding did not allow the time for careful analysis or a coordinated federal strategy on the policy issue. The process was described by Ottawa officials as having completely bypassed the Regional and Ottawa Offices and having gone directly to the Treasury Board.

4.3 The Cognitive Process

Having discussed the individual subagreements, this section will be concerned with a detailed assessment of the cognitive constituents of the policy formulation process. The main elements of the

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66 Interviews with DREE Officials, Appendix D, No. 2. This approach was confirmed in a May 1, 1979 memorandum (Marshall to Collinson) informing senior officials of the DG's intended route to Treasury Board.
model introduced in Chapter II pertaining to the cognitive dimension of policy-making will be isolated. Evidence drawn from the subagreements will be used to assess whether and to which extent the specific elements of the process were found to exist.

4.3.1 Synoptic Analysis

As noted earlier, the GDA approach was conceived as offering to policy-makers the opportunity for comprehensive analysis of policy matters prior to their implementation.Officials seemed very much to support a synoptic approach in the early experience in B.C. DREE analysis staff met in November and December of 1974 to discuss an appropriate strategy for policy development work. Officials expressed the need for a cross-provincial approach "within a highly integrated economy"; to help effect this approach, a research project was suggested to prepare a five-year plan with a "master" regional statement and a subset of provincial plans fitting into it. The officials also noted that the major economic sectors required a degree of planning and development within a national overview and, further, that the objectives of reducing regional disparities required a careful look at the impact of a specific sectoral policy on affected provinces. Clearly, officials were prepared to take provincial priorities/strategies and make a

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67 The relevant intent of the GDA approach will be examined in detail in Chapter VI.

68 Notes of DREE (Victoria) staff meetings held November 1 and December 4, 1974.

69 Ibid., November 1, 1974.
rational effort to fit them into a regional and national framework by examining cross-provincial and cross-sectoral issues. Policy, it was argued, should permit the flexibility to meet regional circumstances and provincial priorities but still have features designed to serve national interests. Distributional effects and linkages to other policies were considered as important components of policy development.

Such high level conceptualizations were soon to encounter, however, some practical difficulties in implementation; circumstances emerged which generated incentives for a more incremental approach to policy work. Since development and analysis of policy were combined under the same DREE manager, it was not long before confusion surfaced over whether the main objective was promotion or conceptualization or, indeed, whether the job of those assigned to analysis was to generate a shopping list of development opportunities or whether applied research should precede the preparation of such a list. A sense of confusion existed as to “where we are going, how and why”. The confusion was reduced with the expressed intention that DREE would serve as the operating arm of government rather than a branch generating polished pieces of theory. The program for analysis focused on compiling existing material and limiting original research only to major corporate or localized sector specific issues.

Another significant practical consideration was the political expectations, both federal and provincial, that surrounded the GDA.

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70 Memorandum, Hannesön to Mair, November 28, 1974.
71 Idem.
It has been noted earlier that the Western Economic Opportunities Conference in 1973 established the rationale for several policy measures that ensued. The Northern highways program is perhaps the clearest example, although both the coal development studies and the industrial development efforts can be traced to commitments made by the federal government at the Conference.

DREE officials realized very early that political considerations were going to play a determining role in the policy process, i.e., that politics would largely set the policy agenda, determine the resources committed and establish the timing. An early example was seen in the ebb and flow of interest in an agreement for the Northwest part of the province. Any analytical justification for a development policy for the area was altogether irrelevant in light of provincial ministerial rejection of the notion before any analysis was complete. DREE program forecasts contain further evidence that this political rejection was not unique. At different times throughout 1974 and 1975 and into 1976, DREE officials expected (within the upcoming six months to a year) to sign agreements for Northwest forestry, value-added processing, tree fruits development, the Pacific Rim Park, resource inventories of the Northwest, Kootenay development and for on-going planning. Virtually, nothing that DREE had forecast, based on priorities of one provincial government, was realized under the aegis of the ensuing provincial government. As one official put it, there was political expediency in every agreement. It became an essential element to determine the political will.

72 Interviews with DREE Officials, Appendix D, No. 8.
especially provincially, before moving into any substantial analysis of issues. At no stage were goals carefully defined, let alone ranked or reconciled.

In the review of activities leading to the signing of agreements pertaining to agriculture, industry, travel and forestry, it was clear that ministers—and in most cases federal ministers—were instrumental in setting the negotiating limits as to the financial involvement. The Federal Cabinet was used by officials as a reference of high authority in bringing provincial financial expectations down to more reasonable levels. In spite of what comprehensive analysis might have suggested concerning the needs in forestry or the travel industry, for example, the money available for these needs was quite arbitrarily set and set apart from the analytical exercise. It was never apparent that benefits and costs of policy measures were ever consciously or explicitly linked.

In addition, DREE officials were conscious of limits imposed on their analytical activities. Signing dates became a prime motivator of the pace of work associated with the development of agreements. This was especially so as election dates approached. The Prime Minister’s Office contacted the B.C. Government in March 1979 to ascertain which projects were a high provincial priority and could be stimulated by the federal government. B.C. replied with a list of ten items, with DREE involved in virtually all of the priority projects.\(^{73}\) The elections held in spring and early summer of 1979 had a major influence on the pace, if not to say the success, of negotiations on the Travel and

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\(^{73}\) File notes DREE (B.C.) office, April, 1979.
Forestry Agreements. Officials readily recognized the importance of political sanction to the quick development of justification for agreements and to the smooth conclusion of negotiations.74

DREE still conducted a measure of analysis, but what was done was of an incremental nature and depended on staff availability and on whether or not the province could offer an "intelligent guess" on the issues at hand, or whether officials had a "feel" and a sense of which issues were the important ones.75 With the exception of Northeast Coal, analysis failed to look at policy issues in their entirety and generally lacked a strategy. Officials conceded that agreements reflected political-economic interests of the day, largely of provincial origin.

A careful watch was maintained on the activity of the B.C. Cabinet Committee on Economic Development and the views expressed by provincial ministers. A much more casual watch was apparent on activities in other provinces and in other policy areas. Officials contended that multi-provincial initiatives might be those characterized by a linear pattern on the land (rivers, railroads, energy linkages, communications) and that such initiatives were very much identified with federal line departments; in any event, these were issues for which the regional office ought to assume leadership.76 The Northeast Coal, Travel Industry and Forestry Agreements all showed that the perspective of DREE (B.C.) was highly consistent with provincial boundaries. At the time of the

74 Memorandum, Marshall to Peel, May 18, 1979.

75 Interviews with DREE Officials, Appendix D, Nos. 7, 8 and 10.

76 Memorandum, Marshall to Miller, April 14, 1978.
signing of the Travel Industry Agreement, four other provinces had tourism agreements and several others had agreements closely related to tourism and recreation. Officials conceded the linkages and interdependencies of major sectors but made very little attempt at uncovering or taking advantage of them. Where activity in other jurisdictions did come into focus, it was to determine if the associated policy measures could be transplanted into B.C. (as in industrial development) or whether significant harmful competition might result from a B.C. initiative.

There were other numerous indications that analytical processes in B.C. could not be described as comprehensive. Alternatives considered were not of a fundamental nature, involving reassessment of policy objectives or design. Rather, alternatives revolved around varying costs and implementation mechanisms. Costs could change by tens of millions of dollars without any apparent realignment of policy targets or emphasis. The alternative was a variation upon the commitment level and often did not go beyond that.

The search for alternatives generally did not extend to discussions with other federal departments. DREE officials estimated that other departments had only two weeks to do any independent work, which simply was not enough time even to consider how policies were linked together. Furthermore, regional policy development on the federal side was viewed by officials as a DREE task, with other departments brought in on the initiative of the development officer rather than as a matter of course.

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77 Interviews with DREE Officials, Appendix D, No. 6.
78 Interviews with DREE Officials, Appendix D, Nos. 6, 7, 16, 17 and 18.
A final comment concerns the lack of careful prior analysis of plans and program forecasts. This comment could serve also to illustrate the lack of coordination between regional and provincial offices. The Director General registered a complaint in March, 1978 that the program forecast exercise had been fragmented and watered down as a planning exercise, that provincial offices had only the vaguest information on attitudes of central agencies (Treasury Board principal among them), that funding levels for regions and provinces were established without input from the B.C. office, that there was no before-the-fact discussion of strategy or procedure within the region and that "figures are juggled back and forth by telephone in a relative vacuum of relevant information." Although these observations deal with a specific element of the policy process, they could be applied to cognitive processes generally in B.C. Intentions for comprehensiveness were in place without question both at the initial stages of the GDA approach and at the initial stages of the subagreements. But as events unfolded and as pressures were encountered in the policy process, those intentions were never fully realized.

4.3.2 Mixed-Scanning

On the surface it appeared that a good deal of scanning was done in the search for development opportunities, in attempts to identify development constraints and in an effort to keep informed on economic circumstances in B.C. The scanning program, directed from

'Ottawa' was seen as a method for regularly reviewing the climate for economic development in the provinces and the regions. By bringing sectoral analyses and provincial priorities together, analysts hoped to accomplish federal-provincial integration in identifying priorities and formulating policy.

Reports relevant to B.C. were produced annually between 1976 and 1979. As mentioned earlier, the Yellow Books produced in 1973 were the first and perhaps the most influential of the review documents. In the Atlantic provinces, for example, the Yellow Books were seen as the key documents on which negotiations with provincial governments were based. In B.C. their influence was not as apparent as either the basis for negotiations or as the subject matter for development agreements. The analysis contained in the Yellow Books was based on data from 1970-72. It could not have anticipated the world energy crisis of 1973 and the changes in constraints and opportunities that ensued. Also, having been prepared in Ottawa by Ottawa-based staff, the reviews were regarded in the provincial office as somewhat irrelevant. The attitude to the subsequent economic review documents and to the policy reviews that took place every two to three years, was equally skeptical. For DREE officials in B.C. the overview documents were viewed as having some of the following objectives: (i) to satisfy the needs of the 'Ottawa' system for information; to support the claims made for financial and manpower resources; to brief the Minister in preparation for the annual GDA.

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80 Letter, Ross to Miller, April 12, 1978.

81 Interviews with B.C. Officials, Appendix D, Nos. 2, 5 and 6.
federal-provincial meetings; to reinforce the respect of other departments toward DREE's analytical capabilities; and to give the federal system a better appreciation of the regional character of the country. None of these objectives related directly to improving policy-making in B.C.; the intermittent scanning never became a part of policy input. Officials were not convinced of the analytical rigour that went into the scanning exercise. What came to be highlighted in the documents were provincial government priorities; regional issues were not identified by comprehensive regional "analysis" but rather by observing what the western provinces had said and amalgamating these views into "regional issues". In fact, officials frankly admitted the scanning exercise was not done for B.C. purposes but for headquarters. Very little use was made of the overview documents, they were "trivial to decision making processes." 83

4.3.3. Incrementalism

In analyzing this third element of the continuum respecting cognitive processes, it is useful first to examine the rationale, the thinking and the expressed views of officials at the same time as determining whether these attitudes were evident in observed policy processes. Secondly, an effort will be made to examine these and other pressures that appeared to influence the tendency toward an incremental, partial perspective on policy issues. This is the same general approach

82 Interviews with B.C. Officials, Appendix D, No. 5.
83 Interviews with B.C. Officials, Appendix D, No. 9.
as adopted earlier in discussing aspects of the synoptic analysis.

One ever-present indicator of an incremental rationale was that signed subagreements were not considered to be in any way a final decision on, or final solution to, policy questions. Strategies for policy implementation, guidelines for program/project management and research on appropriate long-term policy were all elements left to the implementation stage. None was worked out at the formulation stage. Officials suggested that "the actual signed agreements are trivial in their own respect representing only an 'in' for the federal government; they are a mechanism for federal impact on regional policy in B.C., but they are not proof of that impact." The signed agreements were viewed as a partial, an incremental, step on the way to exploiting a development opportunity or addressing other policy objectives. Officials widely recognized that a great deal of policy was left to the implementation stage. Many used the example of the Travel Industry Agreement where there was a signed agreement and no clear idea where to put the money. Also, there was wide recognition that the influence of the senior management in the B.C. office after 1975 had a good deal to do with the attitude of officers in development and analysis work. The Director General was conceded to be the main catalyst to federal-provincial activity under the GDA. His need for programs related to what other officials saw as his need for recognition. One official expressed it as follows: "He pursued the line of least resistance which meant

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84 Interviews with DREE Officials, Appendix D, Nos. 7, 9 and 11.
85 Interviews with DREE Officials, Appendix D, No. 9.
avoiding some OGDs and other provinces, leaving things to the judgement of implementation. 86

In other ways as well, officials exhibited a cognitive preference to treat issues on a disintegrated rather than integrated basis, to limit the focus of analysis and to limit the depth of treatment of policy questions. The view was prevalent that B.C. was a unique province, with an economy so distinct from neighbouring provinces that any analysis attempting to integrate the province into a regional context would be inappropriate and impractical. This was one of the reasons why the mixed-scanning exercise, which presented a regional overview, lacked in credibility. Where regional views were taken by officials, it was in the negative sense of trying to avoid inefficient or competitive policy. The more regional values were incorporated, the more complex the policy process was seen to become and the more the need for consensus which threatened to stall policy decisions in endless bargaining.

Other reasons for avoiding a multi-provincial focus were the purely mechanical problems involved in increased numbers of policy actors, varying cost-sharing expectations and different provincial delivery mechanisms. Officials viewed the mechanics involved as very discouraging and, in any event, more properly the responsibility of the ADM and the DM. An interprovincial strategy would have to precede an interprovincial agreement; and an agreement would require money and the mandate. DREE lacked the mandate and, increasingly, did not have the money.

86 Interview with DREE Officials, Appendix D, No. 7.
In addition to a limited focus, officials were also inclined toward an often superficial treatment of issues. When the possibility of subagreements for the Kootenays and the Northwest areas of the province arose in 1977, the rationale was that the areas were "deserving of assistance which might not prove terribly expensive...and might help these areas to turn the corner economically."\footnote{Letter, Marshall to Peel, January 6, 1977.} The policy proposed dealt with general infrastructure and delivery of social capital assistance and "would be to a degree experimental in the first years."\footnote{Idem.} It was clear also in the review of the agreements on agriculture, industrial development, travel, highways and Fort Nelson that DREE was not relying on synoptic processes to move policy through the system. Reflecting on the lack of depth in analysis, officials commented variously that "we program on impressions, on where we think we can do some good, on a perception of the things that make sense."\footnote{Interviews with DREE Officials, Appendix D, Nos. 2, 3 and 10.}

Policy formulation processes in B.C., as reflected in the views of officials and as seen in practice, were incremental in as much as they involved continuous compromise of objectives right through into the implementation phase. The availability of resources, time constraints, political circumstances and a host of pressures were all seen as factors which motivated only marginal changes in policy. Of the above factors, the first three ones have been repeatedly mentioned earlier, but some attention should also be paid to the other pressures brought to bear on officials.
Clearest of all pressures on officials was that caused by a lack of activity, particularly spending activity. In the early years of the GDA, through to 1976, the B.C. office was unable to sign any major agreements with the province. The agreements that were signed in 1976 and 1977 did not immediately produce the visible evidence of activity, i.e., the cash flow. By the end of 1979, expenditures as compared to commitments were as follows: 90

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Federal Commitment</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Development</td>
<td>$35 million</td>
<td>$5.1 million</td>
</tr>
<tr>
<td>Tourist Industry</td>
<td>25 million</td>
<td>2.4 million</td>
</tr>
<tr>
<td>Agriculture</td>
<td>30 million</td>
<td>3.6 million</td>
</tr>
<tr>
<td>Forestry</td>
<td>25 million</td>
<td>2.1 million</td>
</tr>
<tr>
<td>Northeast Coal II</td>
<td>5 million</td>
<td>1.9 million</td>
</tr>
</tbody>
</table>

The problem had become so acute that Treasury Board refused to approve any further commitments in B.C. without evidence of an acceptable growth rate in expenditures. 91 The point has already been made that the Director General took an aggressive entrepreneurial philosophy to policy development. This philosophy, combined with the poor spending record, generated pressures of which most officials, whether in development, analysis or implementation work, were aware.

Pressures also arose from the provincial government. As early as 1975, provincial officials were complaining that DREE had a "very long-winded bureaucratic process" with subagreements expected to take up.

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90 DREE (B.C. note to file), December 31, 1979.
to two years to negotiate. The province also made it clear in forestry and coal development that DREE was encroaching upon areas of provincial jurisdiction. Thus, on the one hand, DREE was pressured into producing agreements quickly, while on the other hand cautioned about taking any initiatives including policy analysis or policy articulation in areas within provincial control. The provincial government further constrained DREE by insisting that progress be made on substantive agreements before engaging in planning or resource-related studies.

These pressures combined to create a situation where DREE was forced to move quickly on major initiatives without an independent basis for analysis. It is not surprising that DREE officials would opt for gradual shifts from existing policy (e.g., in agriculture and industrial development) rather than engaging in drastic departures in policy.

A final pressure felt by DREE officials arose from the changing work load as agreements matured and became more numerous. More staff and time had to be devoted to subagreement management; officers estimated that up to fifty percent of their time was spent attending to management committee matters. Also, as the range of activities broadened, officers were called upon to prepare an increasing number of briefings for senior management. An officer responsible for such briefings recalled that thirty-five sets of briefing notes had been done in 1978 alone.

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92 Reported by Director General at DREE Analysis staff meeting, August 22, 1975.
93 Idem.
94 Interviews with DREE Officials, Appendix D, Nos. 6, 8 and 9.
95 Interviews with DREE Officials, Appendix D, No. 9.
new activities were not accompanied by increases in personnel. Thus, the emphasis, such as there was on analysis, was further curtailed as time went on. There was less opportunity and less incentive for DREE to examine in a fundamental, comprehensive way the policy issues at hand. The incentives were to accept the data, the priorities and the policy design of provincial officials and to approach the rest of the federal system with familiar policies, virtually all of which had been seen in some form from other jurisdictions. The range of pressures combined with the attitudes of officials contributed to cognitive processes that were largely incremental in nature.

4.4 The Coordinating Process

4.4.1 Central Control

Control of coordinating processes in B.C. will be examined with respect to that which existed within the Department (through headquarters and the Regional Office) and that exerted by other elements of the federal government. It is worth noting again that a more thorough look at these processes will be presented in Chapter VI based on an amalgamation of the evidence from the provinces studied, the Regional Office and from headquarters. 96

At initial stages of the GDA approach, central control was more evident than was the case as experience was gained with implementation. The Western Economic Opportunities Conference (WEOC) established the early priorities for the GDA. These priorities in transportation

96 The term 'headquarters' is normally used to mean the Ottawa headquarters of DREE.
infrastructure were central in origin, they were conceived in 'Ottawa' with the GDA selected as a convenient delivery mechanism. With 'Ottawa' exerting policy influence, it was customary for the first Director General (DG) to respond to headquarters and Regional Office directives rather than initiate directives of his own. Officials were unfamiliar with the GDA approach and, indeed, unfamiliar with federal-provincial coordination generally.

It was not long, however, until B.C. based officials became more familiar with their environment; and this familiarity combined with several other factors seriously eroded the control exercised by headquarters. The attention of the Department had never been on the B.C. operation in the years between 1974 and 1976 but rather was focused on provinces that were perceived to be the more needy ones.

It was only in the face of an unacceptably low level of activity in B.C. that headquarters exerted its control. Senior management moved to replace a DG who was seen to be "quite docile" with one described as an "aggressive entrepreneur". Senior management knew the characteristics of Departmental executives and "managed" these resources. As a senior official described it, "sometimes you are wanting to keep the lid on, sometimes you want to rattle the cage. And that would have a policy base to it - it certainly had in B.C."Ironically, this move to change the management of the B.C. office spelled the end of any effective control from headquarters or the Regional Office.

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97 Interview with DREE Officials, Appendix D, No. 3.

98 Interview with DREE Officials, Appendix D, No. 3.
The new DG held the view that central control in the Department over B.C. coordinating processes lacked in legitimacy. In his view, headquarters did not have the information base, the daily contact with the province or the necessary appreciation of sensitivities to control the B.C. office coordinating processes; all headquarters could do was prioritize objectives and policy activity, and this prioritization, moreover, was the responsibility of Cabinet. The DG laid the basis for by-passing the Regional Office and the coordinating mechanisms established in 'Ottawa' and for going directly to the Deputy and the Minister. The Regional Office became a legal and wording clearing house respecting agreements on their way for approval by senior management.

The Regional Office was simply one more level to pass through and was seen by officers, almost without exception, as an impediment with no relevant function or purpose and no place in the on-going policy process in the provincial office. The lack of impact that the Regional Office had on provincial office operations and its lack of impact on the 'Ottawa' system led one official to conclude that "Regional Offices have been a total failure." To officials in B.C., there was no sign of an effective regional presence, no effective management or coordination at the regional level and, furthermore, no B.C. office presence in the Region and, as a consequence, little understanding.

99 Interview with DREE Officials, Appendix D, No. 10.
100 Memorandum, Marshall to Collinson, April 19, 1977.
101 Interviews with DREE Officials, Appendix D, No. 9.
In light of the above-noted attitude, it was extremely difficult for any chain of command through the regional ADM to remain effective. As was the case most clearly in the Forest Management Agreement, the DG was quite prepared to go directly to the Deputy on issues of substance. All along, the DG was very diligent in copying all his communications for the ADM and informing him often and in great detail on activities in B.C. It was the DG's view that if senior management objected to what was communicated, the DG ought to be informed of these objections. Otherwise, the DG assumed agreement if no negative reaction was forthcoming.

By 1977, at the height of B.C. policy development under the GDA, there was very little evidence of headquarters or Regional Office participation or influence, with one exception, i.e., concerning control over financial resources. In each of the agreements on highways, industrial development, agriculture, travel and forestry, it was clear that the Federal Cabinet, normally on advice from the DREE Minister, played a determining role in setting the upper limits on possible federal commitments. In most cases, the province entered negotiations with unreasonably high expectations in the view of DREE officials. Since the Provincial Cabinet had sanctioned the figures, DREE officials felt a similar sanction was required on the federal side. Such a sanction was the most effective means of tempering the provincial expectations.

This control from 'Ottawa' was hardly spontaneous and was not directly related to coordinating processes. Somewhat more related to coordination was the "benchmark level of funding" agreed to by Cabinet; for example, a level of funding of $25 million was established for DREE
(B.C.) for fiscal 1979-80. These limitations on funding made DREE more aware of the needs for coordination, especially with OGDs. DREE's strength in policy making consisted of a coordinating mandate and the discretionary money which the Department could devote to policy areas. However, in light of financial restraint, the Department had to rely increasingly on its coordinating mandate. More will be offered on the impact of this restraint on both coordination and cognitive processes in Chapter VI.

Another important central influence came from Treasury Board (TB). This influence has been mentioned earlier in TB directives to DREE to improve cash flow performance in B.C. The Board also discouraged the Department from entering further commitments in forestry after the Forest Management Agreement had been formulated. The most prominent influence of TB was, however, in the area of direct coordination with OGDs. A requirement written into the GDA approach was that OGDs would be consulted as policies first emerged. The Board expected to monitor and ensure compliance with this requirement. As far as B.C. coordinating processes were concerned, this TB requirement was observed in principle but left something to be desired in practice. As noted earlier, OGDs were consulted rather late in the process; thus, they could examine policy only with a view to discovering interdepartmental conflict. This was not coordination to produce integrated, complementary and effective policy; it was merely the nominal fulfillment of a coordinating obligation. One official suggested that OGDs were being asked to implement

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policies that did not match local priorities. Even if the potential accord had been discussed with 'Ottawa', it did not mean that the provincial office of the respective department was in agreement. DREE, however, was not overly concerned about obtaining OGD consent on policy; the Department never felt compelled to accept the views of OGDs. In the event of disagreement, the OGD concerned could always bring up the issue at interdepartmental meetings on the GDA or in the Federal Cabinet. DREE was prepared to argue that efficiency rather than regional concerns was the priority with OGDs. Thus, DREE felt it could rightfully proceed on an independent course, if necessary.

This attitude was reflected in contacts made with OGDs at the local level. Senior officials with Agriculture Canada, Fisheries and Oceans and Canada Mortgage and Housing Corporation (CMHC) all agreed that their respective departmental input into DREE policy had been minimal and had been through program/project consultation after agreements had been signed.

It was clear that central control whether exerted by DREE headquarters, DREE Regional Office or other federal central agencies was not very effective in influencing coordinating processes of the B.C. provincial office. Officials in the provincial office felt that central influence over these processes would depend upon more definitive direction concerning policies and strategies, greater political input and better monitoring of results. It was conceded that "we need central

103 Interview with DREE Officials, Appendix D, No. 6.
104 Interviews with Officials of OGDs, Appendix D, Nos. 12, 13 and 14.
control even though we don't like it, we need to plan around a central theme."¹⁰⁵

4.4.2 Procedures

There were a range of policy procedures and pre-established routines which were intended to promote and strengthen coordinating processes. These procedures were aimed firstly at ensuring reasonable consistency in quality and format of agreements that reached 'Ottawa'. Their second major objective, still part of the first, was to ensure that OGDs had been consulted as was expected under the GDA approach. A third objective was to facilitate a regular flow of information to senior management. Procedures were clearly seen as an important aspect of the coordinating dimension.

In the first category of procedures, officers were expected to recognize several distinct steps in the development of subagreements:¹⁰⁶

1. Formulation of the concepts involved in the policy: This would include objectives, definition of the opportunity or the problem, anticipated benefits, timing and expected participation of others. This conceptualization was to be formally drafted into a proposal.

2. Managerial approval of the proposal: The Director General would approve or reject the concept. Generally, he did not seek the formal approval of the ADM but merely informed him of the policy being considered.

¹⁰⁵ Interviews with DREE Officials, Appendix D, No. 7.
¹⁰⁶ Interviews with DREE Officials, Appendix D, Nos. 3 and 6. Also extensively in evidence from project files.
3. Consultation: Consultations would be undertaken with the province to ascertain the political interest; if supported, the proposal would move into detailed analysis.

4. Detailed analysis, drafting subagreement and related Cabinet documents: Officers were expected to ensure that sufficient information was available to support the proposal and respond to anticipated questions. Most analyses focused on detailing the economic circumstances surrounding the policy issue.

5. Final discussion interdepartmentally and with the provincial government: Senior headquarters management of DREE, and then of OGDs, was informed of the nature of the agreement. This information contained the proposal and sought advice on conflicts, objections and useful additions.

6. Presentation for approval to senior management: The Deputy and the Minister were then to review the proposals and 'sign off' as they were routed through Cabinet Committee and Treasury Board.

The difficulty with these procedures was that, as far as the B.C. office was concerned, they were never formalized nor demanding of much more than casual observation. The notion that procedures ought to govern tightly coordinating processes would have been widely opposed as an obstacle to creative thinking and entrepreneurship. Officials saw the policy process as characterized by uncertainty, i.e., "you feel your way along". They believed that in this environment, the only acceptable

107 Interviews with DREE Officials, Appendix D, Nos. 7 and 10.
approach would be to employ a wide variety of procedures, varying with the province involved, the nature of the policy and the delivery mechanism, i.e., a pragmatic and flexible approach. As the evidence from the agreements shows, such an approach was employed; the procedural steps were not always followed nor were they taken in sequence. Most of the time; for example, it was the province that formulated the concepts which were then refined by DREE; if the concept had political support from the province, it would often move right to the drafting stage.

As mentioned earlier, one procedure that did receive fairly careful attention was that governing consultations with OGDs. Most officials recognized "some definite obligations to talk to OGDs." The problem though related to the level at which contact was made and when. It was clear that OGDs were not involved until very near the end of the policy process, i.e., once the agreement had been shaped and detailed by DREE in consultation with the province. OGDs had neither the time nor the information base with which to generate detailed alternatives to what DREE was proposing. Furthermore, to satisfy the consultation requirement, DREE officials were content to inform OGDs at the local level. Since other departments were less decentralized than DREE, there was less policy authority vested in field operations. With less authority, OGDs were less prepared to oppose policy or propose alternatives.

108 Interviews with DREE Officials, Appendix D, Nos. 1, 9 and 10.
109 Interviews with DREE Officials, Appendix D, Nos. 9 and 10.
One formal means for involving other departments was through the annual OGD meetings expected under the GDA. These day-long meetings were to involve all interested federal departments in a review of activities under the GDA and a discussion of future policy directions.\textsuperscript{110} In B.C. such review sessions were rare. The only one which was documented was held on May 26, 1976. Other review meetings were held, but they were of a bilateral nature involving DREE with another department and usually arose from the need to discuss a particular issue. The meetings were conducted as an exchange of information; they were not a forum for planning, evaluation or for deciding upon policy goals.

There was also a procedure established for bringing together the two senior levels of government to chart the future of the GDA. Again, in B.C. such direction-setting meetings did not take place in any systematic way. What usually happened was that the federal and provincial ministers responsible for the GDA would meet at the signing of particular agreements or to press for their more rapid development. No general discussions were held outside the context of these special purposes. In August 1978, the Director General in B.C. conceded that "we have not yet had to my knowledge a true GDA annual review.\textsuperscript{111} Indeed, officials did not seem interested in such annual ministerial reviews, fearing that they might amount to excessively confining one-year development agreements.\textsuperscript{112}

\textsuperscript{110} Memorandum, Deputy Minister to ADMs, September 30, 1976.

\textsuperscript{111} Letter, Marshall to Rae, August 29, 1978.

\textsuperscript{112} Memorandum, Marshall to Miller, April 14, 1978.
A final set of procedures dealt with exchanging information between headquarters and the provincial offices. The principal instrument for this in B.C. was a bi-monthly Report on Subsidiary Agreements in Progress. The Report, prepared in Ottawa, was used to inform the DM on the state of development of agreements in each of the provinces and the regions. As a coordinating device, the Report was a more passive than active instrument for assisting in the integration of policy development between provinces. The flow of information was primarily toward headquarters and not between provinces, regions, or departments; there was no obligation upon DGs or ADMs to consult with their counterparts respecting policy development. Quite often, this consultation did occur, but its purpose was to examine ways of duplicating policy measures from one province or region to another.

The provincial office did receive some further procedural direction from headquarters. Guidelines were given, often informally, as to the nature of policy expected, including appropriate cost-sharing ratios and budget allocations.\(^\text{113}\) Beyond these guidelines, the provincial office had full discretion. In fact, the entire procedural framework set out by headquarters could be ignored by the provincial office simply because adherence was never monitored nor were there any means of enforcement in place. One official noted that "Ottawa has never insisted on any coordination rules."\(^\text{114}\)

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\(^\text{113}\) Interviews with DBEE Officials, Appendix D, No. 10.

\(^\text{114}\) Interviews with QREE Officials, Appendix D, No. 7.
4.4.3 Bargaining

If coordination was to take place at all under the GDA in B.C., it had to take place through bargaining processes. The bargaining interface had two dimensions: one involved DREE and the B.C. government, and the other involved DREE and OGDs.

The first of these bargaining relationships was by far the more important one. DREE and the provincial government were in almost constant contact in both the formulation and implementation of policy under the GDA. The Director General characterized the process as "day-to-day trench warfare." While there were instances where the bargaining became strained (e.g., in the forest, travel and industrial development agreements), at no point did it become truly acrimonious. The "trench warfare" analogy is hardly accurate. In fact, file correspondence indicated that the bargaining could more properly be characterized as amicable.

DREE depended heavily on the province in establishing and maintaining influence over OGDs and in assuring continued influence on 'Ottawa'. DREE officials feared that, because the mandate of the Department was rather vague, a linkage had to be established with the province. Such a linkage would have DREE as the key federal agency in the province to whom all economic development issues were referred. Officials reasoned that their position was strengthened as the Department became the eyes and ears and also the voice of the federal government in the

province. It was noted that "DREE, in its frank and open expression with the province was seen to have more authority than it had; and soon, it had in fact the authority it assumed." This assumed authority which DREE had carefully nurtured did create some difficulties as the province sought to extend the limits of that authority. The province repeatedly encouraged DREE to focus on the provincial priority area of the Lower Mainland, an area clearly beyond the DREE mandate. On the whole, however, DREE realized that it needed the extensive data sources and the persuasive force that came from the liaison with the province.

The province saw unique advantages too in maintaining a close linkage with DREE. DREE became a conduit for the province to introduce its priorities to 'Ottawa' and to gain federal cost-sharing for these priorities. As long as DREE had money, it was able to maintain its credibility with, and its usefulness to, the province.

A symbiotic relationship was established. In terms of managing the relationship, DREE officials were quick to introduce any new concepts or policy ideas to the province first, even before they were tested with regional or headquarters management. The conceptual understanding and the political sympathy with the province were of first order importance. The lead provincial Minister had to be advised and to approve of negotiations before these negotiations appeared "above-ground"; in the views of the DG, the economic-political interface could not be screened out, "thus

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116 Interviews with DREE Officials, Appendix D, Nos. 6 and 10.
117 Interviews with DREE Officials, Appendix D, No. 10.
the more effectively and efficiently you incorporate the political view, the better.\textsuperscript{119} The closeness of the negotiating relationship was evidenced in a host of other ways as well. The DG, on occasion, would use his good relationship with one provincial government official (the Deputy Minister of Economic Development) to channel comments through to the Provincial Cabinet. Also, if necessary, the comments would go down to other provincial officials to ensure continued progress on development agreements. The B.C. office provided "plenty of ammunition to the provincial Ministry responsible for the GDA to get things moving."\textsuperscript{120} There is some doubt whether this negotiating interface was motivated by any desire, at least on the part of DREE, to improve policy coordination.

What did appear to motivate DREE officials was the need to be conscious of provincial political attitudes and to keep political controversy to a minimum. This was especially clear in the election campaign environment of early 1979, when DREE advanced policy explicitly to please ministers. Debate was kept to a minimum as DREE moved "as quickly as was practical in developing the case for agreements."\textsuperscript{121} Officials were pleased to have had success in negotiating "without doing so through the media," without wide disagreement and with the utmost reconciliation.\textsuperscript{122} One noticeable exception occurred at the February 1978 First Ministers Conference on An Economic Strategy for Canada. At the Conference, the

\textsuperscript{119} Letter, Marshall to Peel, December 9, 1977.

\textsuperscript{120} Memorandum, Marshall to Collinson, March 21, 1978.

\textsuperscript{121} Letter, Marshall to Peel, May 18, 1978.

\textsuperscript{122} Memorandum, Marshall to Peel, June 30, 1978.
B.C. Premier contended that regional development policies were a drag on the national economy and not effective in generating sustained development in depressed areas. He suggested that programs be allowed to expire. The Premier's remarks were not directly the result of a basic philosophical disagreement with the DREE approach, but rather were the result of DREE assistance to a frozen food processor in New Brunswick. (DREE had provided a Regional Development Incentives Program grant to McCain Foods in New Brunswick. This grant, in the view of the B.C. government, had severely damaged the competitive position of Vancouver-based Spetifore Frozen Foods Ltd.)

Even in the face of the Premier's vitriolic comments, officials were conducting business as usual shortly afterwards. By March 1978, DREE and B.C. government officials were exchanging views on new possibilities for joint endeavours. There is other evidence that the Premier's comments were a display of extemporaneous anger. Just weeks before the Conference, B.C. Officials were asking for DREE explicitly to support the province on an issue going before the Federal Cabinet (the alleged dumping of wide flange steel on the B.C. market).

In this setting of private bargaining, attention to provincial priorities and of mutual dependency, the bargaining issues rarely touched the fundamentals of policy objectives or broad long-term development

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strategies. Rather the issue that predominated was the level of financial commitment by each government. "The bargaining process was filtering the relative priorities of both parties," remarked one official, "through the filter of cash flow considerations." The Industrial Development and Coal Agreements were delayed because of disagreement over financing; in the Agriculture Agreement, there was little else to negotiate besides money.

Once financing was settled or where it was less of an issue, bargaining often occurred over the implementation strategy. Both the structure of the initiatives (e.g., in the Industrial Agreement) and the manner and control of implementation (e.g., in the Forestry Agreement) were negotiating points. With money, it was very often the federal viewpoint that won out, owing to Federal Cabinet directives on the issue. With implementation, which was a provincial responsibility under the GDA, it was the province which was able to hold firm, and DREE had to make the compromises and adjustments.

The province was able to greatly influence the intergovernmental discussion on relative priorities; in fact, in most of the agreements, priorities were largely of provincial origin. The only cases where DREE seemed to display any contrary or even independent priorities were in the use of the RDIP instrument in the province and the reluctance to support tourist-related facilities in the Lower Mainland. DREE priorities surfaced as rarely as they did because, in the view of officials, the province had a clearer notion of its priorities. Officials conceded

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126 Interviews with DREE Officials, Appendix D, No. 10.
that the province had a perception, if not a precise strategy, concerning market and resource development opportunities.

General strategic objectives were formulated on a sector-by-sector basis and were used by DREE in establishing the case for particular agreements. Officials felt that their case was greatly strengthened by the existence of these provincial goals. Only where provincial priorities tried to over-exextend the DREE mandate was there any real bargaining between governments.

The second major bargaining forum involved DREE with OGDs. The GDA approach anticipated that DREE and OGDs together would constitute a coordinated federal presence in regional development. In fact, each of the first three agreements in B.C. were co-managed with other federal departments. Two of these agreements involved cost sharing with these departments. The nature of these early agreements, however, did not necessitate any earnest bargaining between DREE and OGDs. The Highways Agreement was predesigned in 'Ottawa' and the Fort Nelson Agreement was too small and special purpose to stimulate extended negotiations. After their early involvement, OGDs participated only in co-signing and co-managing agreements along with DREE. There was no further direct financial participation which might have indicated a higher-order commitment to the policies expressed in each agreement. In the policy formulation stage, OGD participation was concentrated at the local and technical level. In the agreements, for example, on coal, industrial development, agriculture, travel and forestry, working level contacts predominated.127

127 File notes, DREE (B.C.), February 15, 1980.
OGDs were approached for data and advice on technical sectoral questions rather than on policy issues. Such issues were raised with OGDs but, as seen previously, not until the agreements had a good deal of momentum and had reached their final stages. By then, commitments were such that policy objectives could not be seriously questioned.

DREE appeared to devote most of its attention to the bargaining relationship with the province. There was evidence that DREE officials looked upon relationships with OGDs in terms of their impact upon the association with the province. For example, DREE was not interested in seeing a major decentralization of other departments, in spite of the fact that this would bring policy-level officials out to the province for more effective contact with DREE. DREE officials reasoned that "the greater the degree of decentralization of other federal departments, the greater the erosion of DREE's strength." 128

DREE was particularly sensitive about the presence of other federal departments since the B.C. government "decided as a matter of policy to deal more or less exclusively only with B.C. based federal representatives." 129 This enhanced DREE's position in the province, since it was the most decentralized of all federal departments and the only one decentralized to Victoria, others all having their main offices in Vancouver.

In the bargaining that was conducted under the GDA, DREE was seeking an ally to support the proposals that were being shaped into subagreements. As allies, other federal departments were seen as

parochial and not reliable for the broad support across policy areas that DREE required, whereas the provincial government had the resources, the mandate and the commitment to become a very powerful and constant ally. For these reasons, the bargaining relationship between DREE and OGDs was highly circumscribed. Since money was in so many cases the key issue, and since DREE was not looking for money from OGDs, there was a limited basis for bargaining and few incentives to cultivate a relationship.

In conclusion and broadly assessing the bargaining processes, these did not seem to have touched enough of the basic policy issues such as priorities, policy objectives, alternatives and long-term strategies. Without addressing these issues, the bargaining took on a somewhat contrived air. Officials considered that conflict was a necessary prerequisite to agreement and contributed to a sense of accomplishment. With major components of policy left aside from negotiations, there could be no purposeful coordination of policy with federal initiatives emerging from other departments or other provinces.

4.5 Summary

The examination of cognitive and coordinating processes under the GDA in B.C. has revealed a good deal of the character of the policy-making process. As the GDA approach matured, definite patterns began to emerge which had taken firm hold by the middle of 1980.

130 Interviews with DREE Officials, Appendix D, No. 8.
In terms of cognitive processes, there were clear intentions in 1974 to establish comprehensive policy processes that would ensure integrated, coherent, and thorough analysis. The analysis would deal with the linkages, the distributional effects of policy and was even seen capable of describing a federal strategy on industrial-spatial diversification in the province. Gradually, though, factors began to impact on cognitive processes that induced less reference to comprehensive analysis. Also, for most subagreements, initial intentions for analysis were very often set aside in the face of political considerations, limitations on money, staff, and time resources, personal ambitions of management and the generally volatile provincial political and administrative environment. A premium was placed on work that would build up cash flow and promised to satisfy provincial priorities. Policy was left to be determined at the implementation stage, where the province had clear jurisdiction. Impressions came to replace quantitative analysis as in most agreements the focus came to rest on getting ministerial approval. Very few alternatives were considered, goals were described in sweeping generalizations and were not amenable to evaluation; indeed, evaluation was only a concept that never had an effective role in policy formulation.

Processes of mixed-scanning were in place and were exercised on a regular basis in the form of policy reviews, overviews of economic circumstances and development opportunities. In terms of cognitive processes in B.C., mixed-scanning had much less relevance than should have been the case. Scanning was conducted outside the policy process for an audience of officials and politicians in Ottawa. The products of mixed
scanning made suitable background information to policy initiatives, but they never were instrumental in generating a "short list" of issues that was subsequently analyzed in more depth.

Incremental processes, the third component of the cognitive dimension, became more prevalent with time and as particular initiatives progressed to the signing stage. Processes did not encourage fundamental shifts from previous policy in the province or departures from the Departmental approach elsewhere in the country. Pressure to produce results gave an incentive to settle for partial solutions and interim approaches. Visibility and timing were important considerations in every agreement. The timing issue, whether related to elections or year-end cash flow needs, did on occasion truncate the process at a point convenient to the situation. Truncation was also seen in establishing the financial framework for agreements. Commitment levels were set quite apart from consideration of sector needs and, indeed, seemed to be the most arbitrary and subjective element of policy.

Coordinating processes, the other dimension of the policy model, began under the GDA with extensive mechanisms for central control. This control was evident not only in the coordination of policy initiatives but also in coordinating the legal, administrative and general procedural requirements in support of subagreements. As time progressed, central control processes began to erode. Neither the Regional Office nor headquarters was able to generate the information base nor solidify the contacts that could ensure an influence on the B.C. policy process. The main influences from 'Ottawa' that continued throughout were controls over financial resources and over consultations with other federal
departments. However, the control over resources did not necessarily mean influence over coordinating processes themselves. As noted earlier, financial commitments were set in almost a vacuum and not viewed in aggregate with other policy issues. As for coordination with other departments, this occurred too late in the process to have much of an effect on the structure or the content of policy.

Procedures, the second component, were also utilized by headquarters in an effort to sustain some influence, to ensure consistency of approach and to enable an information flow on work-in-progress. These procedures dealt with obligations to meet annually with OGDs, to hold annual ministerial meetings, to follow certain logical steps in developing agreements and to keep senior management informed of decisions required on policy. While procedures were acknowledged to exist, they were viewed as informal requirements. They were vaguely outlined and subject to widely different interpretations. Moreover, procedures were not monitored for compliance, apart from the legal and wording necessities and the obligations associated with submitting material to the Federal Cabinet and Treasury Board.

Finally, under coordination processes, bargaining and negotiating were very much in evidence. The relationship with the provincial government necessitated negotiations toward the joint signing of agreements. The nature of the GDA approach also envisaged negotiations with OGDs. This two-faceted bargaining forum evolved to a degree only in the relationship with the province. As a coordinating mechanism, bargaining was not particularly effective since principal issues were not included. Negotiations concentrated on total financing available and on
implementation details. Other policy initiatives on the federal or provincial side were not generally fed into the discussions. Coordination, facilitated by a bargaining relationship with OGDs, never did develop since neither DREE nor the OGDs had the necessary incentives.
CHAPTER V

APPLICATION OF THE ANALYTICAL MODEL:
CASE STUDY OF SASKATCHEWAN

This chapter will continue with the analysis of the policy-making process by examining the activity leading to subagreements in Saskatchewan. The approach to the analysis will be similar to that used in the previous chapter.

5.1 General Setting for the Subsidiary Agreements

As noted earlier, federal-provincial relations in Saskatchewan had enjoyed a long and fruitful history. Joint development agreements were not a new phenomenon, neither was the notion of joint policy development and implementation. The GDA approach was a logical and predictable step in the evolution of regional development policy in the province.

On May 22, 1973, nine months before the signing of the GDA, a meeting was held between the Minister of DREE and the Premier with senior officials from both levels of government in attendance.1 Discussions centered on development opportunities and constraints, along with the policy expectations of the province. This meeting set the basis for the

1 File notes, DREE (Sask.), on federal-provincial GDA meeting, May 22, 1973.
work program leading to the initial subagreements. The meeting also established the political mandate for the work and provided a constant reference for the negotiations which ensued.

Two joint task forces were created under a federal-provincial steering committee: one to work toward development of subagreements and the other to focus on developing the GDA itself. At least six provincial Deputy Ministers were involved in the steering committee at some stage. Project leaders were assigned to the anticipated agreements on steel development, the Northlands, tourism and agriculture. The Saskatchewan government meanwhile, had re-organized to accommodate the GDA. Two senior level committees were established to manage the formulation and implementation of agreements. By June 1973, provincial officials were awaiting Cabinet authority to sign the GDA.2

There was, however, one minor difference of opinion concerning the nature of the GDA. Saskatchewan wanted an agreement which included first year financial commitments, specific objectives, a detailed strategy and details on management structures.3 DREE was opposed because of the view that subsequent agreements would simply focus on spending the annual allotment and, furthermore, that other provinces, noting the Saskatchewan arrangements, might argue for the same relative treatment.

By October 1973, these differences were settled in favor of a broad and vague GDA. The development teams had by this time refined

2 File notes, DREE (Sask.), on federal-provincial GDA meeting, June 12, 1973.

3 Memorandum, Mulder to MacNaught, August 24, 1973. (For title and association of these and subsequent correspondents, see Glossary of Names.)
expenditure estimates available on the following areas: planning, research and development, agriculture, rural development and agricultural service centers, urban and community affairs, minerals, tourism, the Qu'Appelle Valley, Saskatchewan Northlands, forestry and steel. Of these eleven policy areas, eight eventually became signed agreements. The planning was so advanced in fact that there was some concern over Schedule A (attached to the GDA) becoming an all-inclusive list of subagreements.Officials wanted to leave some flexibility to include opportunities that might arise in the future. The signing of the GDA was somewhat delayed because the Saskatchewan government wanted to have one or two subagreements ready for signing at the same time. Thus, when the Minerals and Interim Planning Agreements were readied for signing in mid-January of 1974, the stage was set for the execution of the GDA.

It was clear from the pace of development of subagreements that the provincial government welcomed the GDA initiative with enthusiasm. The DREE Director General (DG) for the province wrote that "What we want to do jointly has the provincial government's full endorsement; where we differ is how quickly it can be done." DREE had a privately held schedule for developing agreements which was slower than that which was officially endorsed. Nonetheless, the pace at which DREE was able to accommodate provincial priorities was still significant. DREE was able

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4 File notes, DREE (Sask.), on federal-provincial GDA meeting, September 26, 1973.

5 Memorandum, Lane to MacNaught, December 18, 1973.

6 Memorandum, Lane to MacNaught, June 28, 1974.

7 Idem.
to establish credibility quickly with the signing of the GDA, and agreements on interim planning and minerals development and the designation of all of Saskatchewan for incentives under the Regional Development Incentives Program. In the face of all this activity, the province was still eager for agreements on planning, the Qu'Appelle Valley, Northlands and forestry.

5.2 The Formulation of Subsidiary Agreements

Each of the subagreements will now be examined, highlighting those factors of policy-making that help to characterize cognitive and coordinating processes. Particulars of cost and management participation of the Agreements are provided in Appendices B and C.

5.2.1 Minerals Exploration and Development

Two agreements were signed in the minerals sector. The first (Minerals I) was a four-year agreement equally cost-shared with the province to a total of $4.35 million. The money was dedicated to minerals exploration and development in Northern Saskatchewan. The federal portion was, in turn, equally shared between DREE and Energy, Mines and Resources (EM&R).

By early 1974, before the GDA was signed, analysis and negotiations were virtually completed for Minerals I. The task forces, operating during 1973, had prepared the policy approach and implementation strategy, ostensibly under the joint guidance of DREE and the province. It was not long into the Agreement, however, when DREE made it clear that Minerals I had not been a DREE priority. In fact, ever since mid-1975, DREE had
been trying to get EM&R to take over the Agreement. DREE lacked interest because the Agreement was seen primarily as a resource development mechanism and only secondarily as a regional development instrument. The Department was not even interested in an evaluation of the first Agreement feeling that a decision against any such further involvement could be made without one. DREE did not seem very anxious for a comprehensive analysis of the Agreement, either before or after its implementation.

In spite of the negative reactions toward the policy implications of Minerals I, a number of factors pressured DREE into moving forward with Minerals II in 1978. As early as December 1976, the province had submitted an outline to DREE of a second agreement on minerals. However, this was not followed by a formal request to continue the policy until fall of 1977. It does suggest though that the province had formed the intention very early to encourage DREE into signing a second agreement, having "found the DREE involvement to be a useful buffer between the Province and the Ottawa bureaucracy." DREE was also advised that the work program of the 1974 Agreement could not be completed prior to the expected 1978 expiry and that an extension was required.

8 Memorandum, Svetkov to Lane, February 3, 1976.

9 Idem. It should be noted that an interim evaluation was conducted of the Agreement by the province in order to help establish a case for continuing with the policy as reflected in Minerals I.


11 Memorandum, Lane to Collinson, February 27, 1978.
Having accepted the provincial arguments that the policy mechanism needed to continue, DREE tried to have EM&R take on the implementation responsibility without DREE involvement. However, the EM&R Minister, Mr. Gillespie, was unwilling to go alone to Treasury Board with a request for a second-phase agreement, the reasoning being that "EM&R would have difficulty in justifying an agreement with any particular province, unless it was part of a national program."\(^{12}\) In the negotiations with EM&R, DREE agreed to act as the agent of EM&R in the province, processing claims, conducting the financial administration and acting as the delivery vehicle. In exchange, EM&R would fund a second minerals agreement from its existing budget in the amount of $1,24 million. DREE further agreed that if EM&R found itself short of funds, DREE would provide the money. (As it turned out, DREE did provide over fifty percent of the federal share!)

When the second Agreement was presented to Treasury Board in July 1978, EM&R and DREE jointly proposed a five-year accord totalling $2,469,500, with a federal share of $1,235,750.\(^{13}\) Surprisingly, it was not until the federal-provincial Management Committee for the Agreement had been established that officials realized that Treasury Board had authorized federal spending of only $1,041,250. The Management Committee simply accepted the lower authorized limit in the knowledge that the

\(^{12}\) Memorandum, Svetkov to Herringer, January 15, 1976.

\(^{13}\) Early drafts of the second Agreement called for total spending of $5.3 million. There was no evidence on file as to how this amount was reduced to about $2.5 million; in fact, there seemed to be absent any indication of a proper synoptic analysis justifying the initial commitment or its later reduction.
Agreement could be "informally managed" within it.\textsuperscript{14} The Treasury Board had also shortened the term of the Agreement to two years because the added work was not of a high enough priority for a five-year agreement.\textsuperscript{15} These events suggest that DREE was rather casual in its entire approach to the minerals agreements; there was no assurance that the policies were coordinated with other federal priorities.

It was evident also that the DREE policy initiatives in the minerals sector were not founded on a careful and rational assessment of the relationship between the sector and regional development. The main questions dealt with the availability of money and who might take responsibility for any subsequent agreement. DREE was involved in a policy area that clearly was not a priority, particularly if one considers the incremental and uncoordinated activities that were associated with the formulation of the Agreements. Minerals development had never been thought of as a regional development vehicle. The DREE approach to the entire sector seemed to be casually conceived and not very well coordinated with other DREE initiatives in the province. In fact, in 1977, the Department had four agreements that touched upon the minerals sector in Saskatchewan: the Minerals Agreement for exploration; the Steel Agreement for ore exploration and processing; the Northlands Agreement dealing with infrastructure, assessment of mineral resources and related labour improvement; and finally the Planning Agreement providing funds for research in the minerals sector.


\textsuperscript{15}Letter, Morin to Love, April 14, 1978.
5.2.2 Iron, Steel and Other Related Metal Industries

This initiative referred to as the Steel Agreement was signed on July 4, 1974 and provided for a total of $35 million in DREE expenditures and $10 million in expenditures by Saskatchewan; in addition, loan guarantees were offered by Canada up to $25 million and by Saskatchewan up to $50 million. The objectives of this major agreement, which also anticipated private sector spending of $138 million, were to enhance the viability of existing iron and steel production in the province and to diversify production within the metal industries sector. Almost $33 million of the DREE expenditures were for direct assistance to basic steel working and processing facilities. These facilities were mainly those of the Interprovincial Steel and Pipe Corporation (IPSCO) of Regina, a company with twenty percent ownership by each of the governments of Alberta and Saskatchewan.

Iron and steel development became a priority because of its significance to the total WEOC commitment to industrial diversification in the West. Steel development had been on the policy agenda for some time. Back in 1973, a task force was established to oversee the development of a subagreement on steel and to conduct analyses in support of an agreement. Concern was expressed by EM&R that the study program was too narrow and that it would not give "valid conclusions as to the economic viability of the iron and steel industry in both the Western Canadian and national context." 16 In spite of these concerns, a draft agreement was

prepared in November 1973. It should be noted that, in the interests of a comprehensive analysis, less than one percent of spending under the Agreement was specifically earmarked for research.

The principal element of the Steel Agreement was the anticipated assistance to an IPSCO expansion, seen as imminent in 1973. DREE had to consider contributing to the Agreement retroactively since the province expected to make a commitment before the GDA was even signed. However, the use of the GDA mechanism was essential because of the anticipated level of assistance to the private sector. There were two delivery mechanisms besides a GDA subagreement that could have been employed: the Regional Development Incentives Program (RDIP) and the Special Areas legislation. The maximum grant under the RDIP was $6 million. Even though it was expected that steel expansion proposals would be received in small increments, some would still in all likelihood involve government contributions over this $6 million level. The subagreement route allowed DREE to inject far more money than would have been possible under the RDIP and also avoided the designation of a Special Area in response to a single application—which would have been an "awkward and unwanted precedent."  

In early 1974, discussions were underway between Saskatchewan and the federal government aimed at an oil pricing agreement. One of the federal commitments reportedly made was for assistance to industrial development including expansion of steel working capacity in the

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17 File notes, DREE (Sask.), November 26, 1973.
province. On April 3, 1974, following a meeting between Premier Blakeney and Prime Minister Trudeau, a Memorandum of Understanding was signed between the Premier and the Prime Minister which set out the basic elements of the proposed policy and the funding commitments of the respective governments. According to officials, this Memorandum significantly advanced the timing of the steel Agreement.

With the July, 1974 signing of the Agreement, officials expected an almost immediate response from IPSCO respecting expansion proposals. It was, however, not until August, 1977 that an application was made; and at $92 million, the application was much higher than expected. The size of the project was later reduced to $75 million "through analysis and discussion with company officials." Since this expansion proposal constituted the single largest component of the Steel Agreement, it is important to consider how DREE and the province dealt with it.

The proposal (at the reduced $75 million level) was subjected to an analysis in four areas: resource supply, markets, economic impact and financial analysis. A separate working group was established by DREE to give the attention required to produce "a comprehensive project evaluation of the proposal." In all, nine major studies were completed. This thorough analysis was considered necessary for several reasons:

19 File notes, DREE (Sask.), undated.
20 Letter, Yeo to Grabeldinger, August 2, 1977.
21 DREE, "Discussion Paper on IPSCO Expansion," op. cit. (emphasis by author). Aside from this phrase, there was no analytical evidence to indicate a rationale for the reduction.
22 Ibid.
first, the project was highly sensitive to the Company's involvement in northern pipeline supply; secondly, there was some political sensitivity associated with assistance to a firm in direct competition with major steel producers in Central Canada; and thirdly, the steel sector was unfamiliar to the analysts.

The cognitive processes associated with the application and with the Steel Agreement itself appeared to be of a synoptic nature. There were, however, elements that create some doubt whether the analysis was, in fact, comprehensive. There was some question whether steel policy in Saskatchewan was integrated with sector policy of governments elsewhere in the country. Alberta, for instance, was known to be considering further development of its steel industry. Also, the British Columbia government was interested in DREE studies that had been done on steel in Western Canada. British Columbia was discussing with Japanese interests the possibility of a major steel facility, tied to pipe production in Regina and to steel bar production in Manitoba and Alberta. The British Columbia government envisaged an allocation of major steel projects across the West. DREE was reluctant to disclose any information however. Officials argued that the studies were jointly owned by the Saskatchewan government and considered confidential, since all western provinces were in fact "chasing steel projects." Thus, the Agreement was largely drafted on the basis of Saskatchewan priorities in a sector that had major supply and demand linkages throughout the country.

23 Memorandum, Lane to MacNaught, December 3, 1975.
The Agreement was also formulated without a full appreciation of the role played by the provincial government and by private industry. The province had a clear policy against providing grants to privately owned corporations. Still, the Agreement was signed calling for forty percent cost-sharing of grant contributions by the province, an approach that was clearly inconsistent with existing provincial policy. The Agreement also made commitments to assist in the expansion of private sector steel production without appreciating in advance the impact of that commitment or even whether the private sector was prepared to expand. Over the first four years of the five-year agreement, only thirty-five percent of authorized spending had occurred. Also, it was not until January 1978 that a research study undertook to quantify the potential impact of an IPSCO expansion on the Saskatchewan economy, on the Western Region and on the country as a whole; the study included direct, indirect and induced impacts of the construction and operation phases.

The coordinating processes associated with the policy appeared at first to complement the cognitive processes. A Steel Development Group was established with a wide range of federal, provincial and private sector input. The Group, however, was not effective at least in terms of coordinating the federal input. A study reported that "Industry, Trade and Commerce representatives were consistently hostile to the purposes of the Steel Agreement; the Steel Development Group was never able to

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24 IPSCO had majority private ownership even with the combined provincial government's share of forty percent.
bring positive contributions from ITC. An example was offered where the Steel Development Group was considering a rod and bar mill being added to the steel-making capacity in Saskatchewan. Meanwhile, IT&C was actively pursuing such a mill in Vancouver, without comment to the Steel Group.

It was clear that the undercurrent of interprovincial competition was not overcome by the coordinating processes put in place. The joint provincial ownership of IPSCO provided a good opportunity for an initiative involving the federal government with both Saskatchewan and Alberta. Yet, not only was this not realized, the government of Alberta actively considered proceeding independently and competing with Saskatchewan in offering assistance to the Company.

5.2.3 Saskatchewan Northlands

Two major agreements were signed, one in 1975 and the other in 1978, that together committed over $190 million to economic and social development in Northern Saskatchewan (Northlands). The earlier (interim) Northlands agreement was related to the WEOP commitment to develop western Northlands generally and was accompanied by similar agreements signed in Manitoba and Alberta. The second, more major, agreement was a direct continuation of activity that had begun under the interim agreement.


26 All three Prairie Provinces had a similar pattern of interim agreements followed by second-phase agreements.
'Interim Northlands' was signed as a three-year agreement on August 18, 1975. The Agreement involved very few negotiations, since the political commitment had already been made; the policy was just one of a series of similar initiatives of the federal government. With the exception of some differences in emphasis, all of the Northlands initiatives in the West included the three broad program categories of economic and resource development, human development, and transportation and communication. The agreements also involved managerial and financial participation by other federal departments, principally the Canada Employment and Immigration Commission (CEIC), the Ministry of Transport (MOT) and the Department of Indian and Northern Affairs (DINA).

Under the interim Agreement, DREE had agreed to a policy whose formulation the Department had not influenced. The Agreement was made retroactive to April 1, 1974, and by the time it was actually signed, half of the term was over and DREE was spending money on specific measures that were conceived and implemented without its involvement. Neither was DREE involved in setting priorities or the terms of reference that governed implementation; these matters were the responsibility of the Saskatchewan government led by the Department of Northern Saskatchewan (DNS). This degree of participation caused one DREE official to consider the policy as a straight fiscal transfer to DNS since "all the proposals put to us had already been decided upon." 27 Without input into the budgetary process for Northern Saskatchewan, DREE could expect

27 Memorandum, Herringer to Lane, June 29, 1978.
to have "absolutely no influence on the Northlands programming." 28 

Thus, with the interim Agreement, cognitive and coordinating processes never did become apparent or deliberate as far as DREE was concerned; the Department was purely responding. The policy was essentially designed elsewhere and implemented elsewhere; DREE received a work program from the province generally after the work had been completed, and the main decision was then whether DREE should cost-share or not.

The Saskatchewan government early in 1977 submitted a proposal to DREE outlining the basis for a second Northlands agreement, continuing the policy measures established by the first. 29 Since the interim Agreement was set to expire, DREE obtained a one-year extension to March 31, 1978 to plan for a longer agreement. This period of time was used to prepare and to update data detailing the economic and social circumstances in the North. The second phase Agreement was supported by ample data on these conditions, but there was nothing specified as to the impact of the proposed policy. There had been no careful evaluation of the phase one Agreement, nor were there any real quantifiable objectives. There was no serious questioning of the federal commitment. Without such questioning, the task of the analysts was to establish the continuing need for a federal policy, not to be concerned with impact or efficiency questions.

Even though other federal departments cost-shared in the Agreements, there is some question whether this also meant a broad federal commitment. Only those departments that were signatories to the Agreements were ever

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28 Idem.

29 Letter, Lloyd to Lane, March 11, 1977.
really involved in a review of the policy. Even the departments directly involved responded more to combined provincial - DREE priorities than to their own.\(^{30}\) Departments less directly involved were only provided with copies of the draft second Agreement in April of 1978 after the project detail had been identified and agreed to.

Altogether, the Northlands Agreements did not involve DREE to an extent where cognitive and coordinating processes could be clearly identified, let alone examined. The nature of the policy instruments does reveal a basic incremental approach, with policy reflecting patterns in neighbouring provinces and with each agreement seen as steps toward an improvement in Northern conditions. Neither Agreement was associated with a rigorous analysis of impacts, expected or achieved. There was even some evidence to suggest that DREE was not firmly committed to the Northlands policy. Officials viewed the phase two Agreement as "a balancing agreement" from which spending could be shifted to other agreements if there were priorities that could not be otherwise met.\(^{31}\) This lack of commitment may have stemmed from the weak political support for the policy on the federal side. Officials remarked that the reason the policy took two to three years to reach the agreement stage was due to the absence of a political lobby after the WEOC in 1973.\(^{32}\) In the face of weak political support, DREE was still able to deliver over $126 million in federal assistance to a joint program with the province. This is also suggestive

\(^{30}\) Andrews, Hill and Associates, \textit{op. cit.}

\(^{31}\) Memorandum, Collinson to Love, April 12, 1979.

\(^{32}\) Interviews with DREE Officials, Appendix D, No. 20.
of the limited central control over the coordination of federal policy priorities and too, of the persuasiveness of the provincial government.

5.2.4 Planning

Three planning agreements were signed, one in each of 1974, 1975 and 1979. The first agreement was not officially noted as a subagreement since it was part of a cross-Canada strategy to assist provinces with planning in anticipation of the GDA and related activity. The first agreement was signed in February, 1974 and was made retroactive to June 1, 1973. This retroactivity was inconsequential, however, since this first Agreement was never implemented; there was no joint planning activity which needed funding support.

Another effort at multi-provincial planning activity was made in August, 1975 after Ottawa had made $1.3 million available for the federal share of planning agreements in the western provinces. While this second planning initiative was implemented, it was not without problems. The Agreement was signed as a two-year pact expiring in March, 1977. However, by August, 1976-almost fifty percent of the budget remained; and since the Agreement was to expire in six months, the province requested and received an extension of one year. Another one-year extension was required in March, 1978 because the anticipated joint planning activity simply did not materialize. In the end, some $413,000 lapsed, or about one-third of the planning budgetary commitment.

With such a poor record of matching commitments to expenditures, some questions should have been raised as to study targets, results, pre-planning and the relationship of planning to policy formulation. Instead,
a third planning agreement was entered into in May, 1979. It is important to note that this third initiative was signed on the eve of the federal election scheduled for May 22, 1979, one of a series of four agreements signed on May 17, 1979. This time, a more modest $750,000 was committed by each government to identify development opportunities in the province.

None of the planning agreements provided any detailed supporting data or was preceded by an objective, quantitative assessment. As for the consistent expenditure shortfalls, these were blamed on constraints by the province. Meanwhile, the province was in the final stages of committing another $40 million to Northlands policy. The DREE argument to Treasury Board favouring the continuation of the planning agreements pointed out that increased coordination between governments and the private sector would result if development opportunities received joint analysis from the earliest possible stage. There was no firm evidence to support this claim; it arose from the opinions of officials.

The rationale supporting the agreements conveys a curious logic. The early planning activity focused on community planning "to identify the potential of communities and thus to stimulate development in the smaller centers." There seemed to be an unexplained gap between the identification of potential and instruments for the development of that potential. It was also odd that the earliest agreement concentrated on determining the potential of communities already receiving aid through

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DREE support to Agricultural Service Centers or through the Neighbourhood Improvement Program of CMHC.

It was curious too that agreements which contained a commitment toward annual assessments received so little evaluation. Officials explained the reluctance to pay attention to these clauses because "if Treasury Board knows that evaluations exist, they will probably want to see them before they approve a further planning agreement," and, furthermore, such evaluations would create pressure on management to approve only planning activity that was likely to form the basis for subagreements.

These cognitive processes just described were quite clearly incremental involving: partial assessment of issues; new policy largely repeating that of earlier agreements; evaluation receiving very little attention; and the same basic Agreements being employed in a number of provinces.

In terms of coordinating processes, there was a definite central influence in DREE which encouraged the first two planning Agreements. It was noted though that some of the problems with over-estimated activity levels and the community focus were due to "having agreements formulated centrally and submitted to Treasury Board before discussions with provincial office officials." Central influence also did not prevent an overlapping between studies under the 1975 Agreement and those proposed by the Regional Office.

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35 Memorandum, Ross to Lane, December 17, 1974.
36 Idem.
37 Memorandum, Surkan to Lane, April 23, 1975.
Also, the cost-sharing arrangements under the Agreements were not an altogether useful coordinating mechanism. The Agreements called for cost-sharing on virtually all industrial analysis, i.e., concept investigation, market identification and feasibility analysis. This made federal or provincial initiatives difficult to take since each party had to convince the other of the worth of cost-sharing in advance, in terms of the potential for drafting a subagreement at the end of the study. These arrangements became even more troublesome as restraint became a reality in the late 1970s. As a result, broad planning studies with their potential for coordination of policy activity were themselves an early victim of the scaled-down planning agreements. 38

These characteristics of cognitive and coordinating processes perhaps explain the impression that the work programs under the planning agreements were "of little relevance to potential subagreement." 39 Working relationships were established between the province and DREE, but they were not used as active planning mechanisms by either government.

5.2.5 Qu'Appelle Valley

The Qu'Appelle Valley Agreement was signed on October 6, 1975. It carried a federal commitment of $17.96 million for environmental improvement and the expansion of recreation and tourism opportunities in the Qu'Appelle Valley. Total costs for the ten-year Agreement were $33.7 million. Federal costs were shared between the Department of Environment.

38 Memorandum, Brandon to Forer, February 21, 1977.
39 File notes, DREE (Sask.), on federal-provincial meeting, November 21, 1975.
(DOE), DREE, Indian and Northern Affairs, and IT&C. The largest contributor was DOE at $9.0 million, although $2.0 million of this amount came from DREE since DOE did not have sufficient funds for the work program in 1976. The origins of the Agreement went back to the early 1970s when the Federal Cabinet approved a Federal Strategy for Travel Industry Development.\textsuperscript{40} The strategy encouraged departments and other governments to recognize the importance of the tourism sector and the role of environmental factors in tourism development.

Even prior to the GDA, the province and DREE had recognized the importance of the Qu'Appelle Valley and its environmental problems and also had formulated a policy for development. The policy was the product of federal-provincial studies done both as part of the Qu'Appelle Basin Study in the early 1970s and the Planning Agreement in 1974-75.\textsuperscript{41}

As was the case with several other joint initiatives, the Qu'Appelle Agreement was made retroactive, in this instance, to April 1, 1974. In the case of one major project, it allowed payments for work done over two years prior to the date of the Agreement. Again, the federal government was involved in making payments to projects toward which it had no previous commitment and on which it had not made any independent assessment. This post facto approval procedure was carried into the implementation phase, with the province undertaking projects and submitting claims to DREE which would make the necessary disbursements and then, in turn, submit a claim to the other federal departments.

\textsuperscript{40} Approved July 14, 1972; Treasury Board approval #727786.

\textsuperscript{41} DREE, "Treasury Board Submission on Qu'Appelle Valley," dated June 23, 1975.
involved. These processes are clearly not characteristic of a synoptic approach to policy by any of the federal departments. Furthermore, the policy itself was recognized as "preliminary in nature, and relating to only a part of the Qu'Appelle Valley corridor."\(^{42}\)

Another example of the truncated approach to analysis and of poor internal coordination was found in the application procedures. Applicants under the tourism development component of the Agreement had to meet two sets of criteria: one required that applicants meet the RDIP criteria for industrial incentives projects; and the other, that applicants comply with the provisions of the subagreement itself. It became immediately apparent that RDIP industrial criteria were not appropriate to the seasonal, nonmanufacturing operations of the tourism sector. Thus, to summer of 1980 only three active applicants had been registered. The policy initiative was described by DREE officials as "a dismal failure."\(^{43}\)

Coordinating processes concentrated upon the management of cash flow, in spite of the fact that there was a great deal of related policy activity in other provinces and in OGDs affecting the Qu'Appelle system. There was no evidence of an effort to apply a coordinated, integrated approach to the development needs of the entire Qu'Appelle basin, even though these needs had been studied extensively and were being addressed on a partial basis on a number of fronts. DREE headquarters and the Regional Office took very little active interest in coordination, and what was achieved in integrating the input of OGDs was done through negotiations at the local level.

\(^{42}\)Idem.

\(^{43}\)Interviews with DREE Officials, Appendix D, No. 17.
5.2.6 Agribition

This Agreement was signed July 28, 1977 and committed $1.7 million in capital assistance to expand the Regina facilities used by the Canadian Western Agribition and Exhibition Association. The Agreement was cost-shared equally with the province.

Discussions had begun between DREE and the province in spring of 1975, prompted by submissions made to both governments by the Agribition Association, the Regina Exhibition Association and the regional representative of the federal Minister of Agriculture.\(^44\) DREE was not approached on the subject of a subagreement until September 1976 after the province felt it could not afford the entire budget for the project. By this time, the Saskatchewan Departments of Agriculture and Industry and Commerce had already submitted the budget figures and the detail on construction plans to the Saskatchewan Cabinet. The Cabinet then sought DREE involvement, fearing that fiscal restraint would jeopardize completion of the project in time for an international exhibition. A senior provincial official wrote: "In view of the fact that the Royal Society Show will be held in Regina in 1977, the provincial government would like to have the new facilities built during the 1977 summer construction season prior to the show; if this completion date is to be realized the Agreement will probably need to be signed prior to March 31, 1977."\(^45\)

In November 1976, a GDA Ministerial meeting was held in Regina, at which the federal Minister agreed to explore the possibility of

\(^{44}\) Memorandum, Lane to MacNaught, May 6, 1975.

\(^{45}\) Letter, Weese to Ross, September 21, 1976.
providing support. Shortly after this meeting, the provincial Cabinet approved spending $850,000 on an Agribition agreement, assuming that cost-sharing would occur.\textsuperscript{46} Throughout this period, DREE officials in Regina were seeking direction from senior management because of the precedent involved (providing assistance to exhibitions) and the small scale of this initiative. The possibility was considered of coordinating the project with the planned subagreement on agriculture; this was discarded on the basis that negotiating the agriculture agreement might take too long.\textsuperscript{47} Suggestions were also made on particular tactics for presenting the Agribition Agreement, since officials expected some opposition within the federal system.\textsuperscript{48} Some ideas on "selling" the Agreement included announcing the federal role during the Agribition itself and having the DREE Minister share the platform where "for a mere $850,000 we could maintain credibility, do something lasting and worthwhile and create a first class media event for the Minister, ... who might even make The National."\textsuperscript{49}

DREE also sought allies in the federal system and offered the Minister of Agriculture a prominent position in the opening ceremonies in exchange for his support.\textsuperscript{50} Restraint was now a reality, and DREE felt it necessary to get OGD support before going to Treasury Board. In the

\textsuperscript{46}Letter, Weese to Ross, December 20, 1976.

\textsuperscript{47}Memorandum, Love to Lessard, January 4, 1977.

\textsuperscript{48}Memorandum, Ross to Lane, September 28, 1976.

\textsuperscript{49}Idem.

\textsuperscript{50}Memorandum, Love to Lessard, February 25, 1977.
Treasury Board Submission, DREE did indicate that Agriculture Canada favored the Agribition Agreement. However, when it finally did come to the attention of the Agriculture Minister, he bluntly criticized the approach, writing to the Prime Minister that "neither I nor the Department have had an opportunity to make a meaningful input...which is a problem I have encountered too often in the past;" 51 he contended that the money could be spent on higher priority areas which return more to the economy and with greater federal visibility and that the program did not recognize the priorities and objectives of Agriculture Canada. Yet, the Minister felt he would be forced to agree to co-sign the Agreement, since it had reached such an advanced stage of commitment; and he did indeed co-sign.

It was quite clear that DREE did not engage in a synoptic analysis of the proposed Agreement, nor did the Department seek to coordinate fully, at a senior policy level, the activities leading to the Agreement. DREE was never enthusiastic about the policy. In fact, the Assistant Deputy Minister (Western Region) noted, as he forwarded the TB submission to the Deputy, that the subagreement "does not represent, in my mind, a significant development opportunity as envisaged by the Canada-Saskatchewan GDA" and involves activities which "imply a precedent that could be difficult to rationalize." 52 Still, with the momentum generated and with the political pressure from the province, the Agreement could not be even substantially altered, let alone rejected. Again, the federal government

52 Memorandum, Collinson to Love, May 2, 1977.
was forced to support a policy to which it had a very limited commitment; on which no detailed independent analysis had been done and which was not well coordinated with other federal policies.

5.2.7 Forestry

The Forestry Agreement was signed (along with three others) on May 17, 1979 just prior to the federal election. The Agreement provided for $24 million, on an equally cost-shared basis, toward a broad forest management policy in the province. The main activities were determining resource inventories, fire suppression and reforestation.

The first draft of the Agreement was prepared largely by the province and submitted to DREE in August, 1973. Early federal-provincial discussions had taken place under the aegis of the Joint Planning Committee in Saskatchewan which had commissioned consultant studies to determine the potential for the forest resource. Also in the early 1970s, the province was actively discussing development plans with the owners of a major pulp mill at Prince Albert, the Parsons and Whitemore Corporation. This provincial-private sector initiative was incorporated into the work of a federal-provincial task force on forestry established in anticipation of the GDA. The task force worked with "time limitations and a lack of familiarity with the Saskatchewan forestry situation," but still produced a report that formed the basis of the forestry policy. Through

53 The three other Agreements as noted were Planning 1979-84, Agriculture, and Water Development.

54 Memorandum, DREE Forestry Economist to Lane, January 14, 1974.
1974, forest sector specialists from both governments took over from the task force. These specialists, according to the DREE representative, had a mandate to move away from patchwork development of forestry toward a more rational approach, a complete development package for the sector.\textsuperscript{55}

Little progress was evident towards refining the elements of an agreement until early 1975. The Chief Planning Officer for the province wrote to DREE wondering if it would be possible "to set up a Management Committee to administer the agreement prior to it being signed."\textsuperscript{56} DREE responded that such a committee was premature since the province had yet to update its proposals and that the DREE Minister had yet to approve in principle the development of an agreement. This is the only instance found where DREE officials used this ministerial reference in negotiations. The province indicated impatience with the length of time it was taking to complete the Agreement. At a federal-provincial meeting on May 12, 1975, officials from the province indicated that provincial ministers were taking their own political action to speed up the process.

At this time, it was increasingly evident that DREE was unhappy with the nature of the proposed Agreement. The Regional Office had made the suggestion that DREE action should await the development of a regional approach to federal involvement in the industry.\textsuperscript{57} The reasons included:

\textsuperscript{55} Idem.

\textsuperscript{56} Letter, Gartner to Lane, April 25, 1975. Interim management in lieu of an agreement did occur during the transitional period of the DREE policy review and decentralization. Such practices were considered to be in the interest of 'getting things done'.

\textsuperscript{57} Memorandum, Pratt to Lane, August 18, 1975.
past federal measures in individual provinces were having limited impact; native Northerners throughout the region needed a chance to participate; and numerous agencies were busy formulating forestry policy which DREE needed to consult in order to avoid duplication. This was also the first evidence of DREE concern for a broader regional focus with the potential to influence negotiations with the province.

It is not clear which factors most affected DREE, but there is no question that the Department was not enthusiastic toward the province's priorities. Through June 1975, the province concentrated its efforts on seeking retroactivity in the Agreement. By this time, however, DREE was no longer interested in the concept, having been discouraged by the federal Treasury Board. Finally in July, the province submitted detailed policy proposals to DREE, which were not well received. DREE was concerned that a surplus of resources, combined with low levels of forest utilization, made a very poor argument for increased forest management without a coincident plan for developing utilization capacity. Comments from DREE officials were varied: "We expected some sort of documentation of a rationale for the forestry program proposed"; "the Province appears to have picked up their existing forest management program and are trying to get DREE to fund a substantial part of it"; and "the lack of any

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58 Federal programs active in forestry in Saskatchewan in 1975 included: RDIP, Special ARDA, ARDA, Canada Manpower Training and Mobility Program, National Health and Welfare Work Activity Program, Canadian Forest Service Research Programs, IT& C Product and Market Research and Development Programs.

59 Memorandum, Herringer to Gartner, July 21, 1975.

60 Memorandum, Svetkov to Schaw, August 21, 1975.
depth of thought is very apparent, hardly the basis for a subagreement. The strategy, smacks of political expediency, is inappropriate and unwarranted. "61

By November 1975, the draft policy for the forestry sector was shelved. The political lobby from the province, only active momentarily, retreated. Fiscal restraint was discouraging any new initiatives from either government, and DREE was not convinced that it could support the Agreement. With the federal election upcoming in May 1979, officials were prompted by the federal political lobby to resurrect the Forestry Agreement. In March, the Prime Minister's principal secretary had written to the provinces indicating interest in new initiatives. The Agreement that was subsequently signed was essentially the same policy that DREE had been so critical of four years earlier; the approach was still dominated by resource management rather than increased utilization.

In the forestry negotiations, DREE had shown itself capable of expressing synoptic intentions and in carrying them into bargaining. This approach was successful at least to the extent of delaying progress until eventually the policy was shelved. Concern was translated into inaction; DREE was unable to bargain for a better agreement and found conditions convenient for delay. These conditions prevailed until political considerations arose, and questions of policy integration, efficient resource utilization and coordination were set aside.

In terms of coordinating processes, there was evidence of central influence, primarily from the Regional Office, to broaden the policy

61 Memorandum, Scott to Schaw, October 27, 1975.
focus and look toward integration of activity with other federal agencies. This integration did not develop as hoped; the only federal department co-signing with DREE was the Department of Environment. It seemed that DREE provincial officials were prepared to acknowledge the regional point of view as long as it buttressed the case for delay vis-à-vis the province. The bargaining position of DREE was otherwise quite weak since the resource in question was in provincial jurisdiction and the province had the data and the implementation responsibilities. Thus, central influence was not a particularly effective coordinating mechanism. DREE was unable to establish a firm enough position in negotiations with the province or OGDs to bring about a coordinated federal approach. As in so many of the other subagreements, DREE was ultimately left to respond to a provincial initiative and required, at the same time, to look to the province as an ally in seeking federal policy approval. It was not surprising that DREE would come to be seen as an agent of the provinces and the bargaining process considered as something of a mere formality.

5.2.8 Agriculture

The Productivity Enhancement and Technology Transfer in Agriculture Agreement was another subagreement introduced immediately prior to the 1979 federal election; its total of $15.32 million was equally cost-shared with the province. The origins of the Agreement lie in the long history (noted in Chapter III) of the federal-provincial Agriculture and Rural Development Agreement (ARDA) in Saskatchewan. In an effort to stay with policies similar to ARDA, the province submitted proposals for a draft agreement, which to DREE officials appeared to be "a carbon copy of
the past ARDA agreements...with all but one of the programs delivered by a provincial agency."62 However, DREE was unaware at the time that the same proposals had been submitted by the province to Agriculture Canada, which in turn presented them to the Federal Cabinet in fall of 1977. On the one hand, Agriculture Canada claimed the lead role in the development of a joint agriculture policy with the province but did not have the financial resources to commit to an agreement. On the other hand, DREE had sufficient resources but a very weak mandate. Thus began "a flip-flopping between DREE and Agriculture Canada over who had the lead role...which harmed relationships with the Province who felt uncertain as to what was happening."63

DREE was also struggling with an unacceptable draft of the proposed policy. The delivery mechanism was largely a repeat of what had been in place in Saskatchewan since the early 1960s. In spite of signing numerous ARDA-type agreements throughout the country, the federal government apparently disliked such agreements for two reasons: (a) the federal government did not have sufficient input into the management of the programs; and (b) there was insufficient federal visibility in the policy in view of the fact that the government was generally paying fifty percent of the costs.64

The proposed subagreement also had elements that to DREE suggested policy duplication and a poorly integrated approach. A major component of the

draft Agreement dealt with water supply improvements. These, according to officials, belonged more properly in a water development subagreement which was actively being formulated. There were also concerns expressed over the fact that both the Saskatchewan Department of Agriculture and DREE (through the Prairie Farm Rehabilitation Administration) would be providing the same type of service to individuals. Perhaps the most serious objection, however, dealt with the goals of the policy. Saskatchewan objectives included expanding the contribution of agriculture to provincial economic and social goals and thus enhancing the viability and social conditions of rural communities. DREE, while not opposing these objectives, was more interested in productivity improvement and the transfer of technology from applied research to farm production. These latter objectives were still included in the Saskatchewan proposals but not as a high priority. With federal willingness and ability to contribute financially to the policy and with a modest realignment in emphasis, the province and DREE were able to come to an agreement. This process was facilitated by an eagerness to have the policy in place before the federal election.

The realignment in emphasis was very clear as between the early provincial draft and the Agreement eventually signed. Productivity enhancement and technological transfer were given explicit priority. There was some doubt, however, whether the province had actually changed its priorities or merely appeared to have done so in order to accommodate DREE wishes. Since the province was implementing the Agreement, it could make substantial adjustments after signing. This seems to have occurred at least in the work program for 1979-80. Some $2.1 million in federal
commitments were scheduled. However, a review of the work program concluded that "only about $1 million of the $2.1 million will be spent and much of that will not be spent in those new areas relating to production enhancement." Support was being provided to ongoing programs that had been funded for some time by the province under the ARDA agreements. The Review observed further that

A preliminary analysis of the first year's work program indicated that the objectives of this Agreement are not being met very well. In order to get the Province to promise to spend half a million dollars in some areas we think are important, we are providing them with one and one half million dollars of funding for ongoing programming. Most of this program, if not all, would almost certainly go ahead with or without DREE funding.66

These aspects of policy implementation confirmed that the Agriculture Agreement was a modest shift from previous measures and that, even though some new directions were described in the policy, there was no way that DREE could be assured that those directions would be taken. There was no evidence of synoptic analysis by DREE or, for that matter, by the province. It was clear, too, that coordination was left to be conducted through negotiations between DREE and OGDs and between DREE and the province. These negotiations never did turn to deal with coordination of federal policy, nor to any integration of policy between governments.

5.2.9 Water Development and Drought Proofing

The Water Development Agreement was the last agreement to come into effect on the catalyst supplied by the 1979 federal election. The

66 Idem.
$15.25 million agreement had a federal government commitment of $7.9 million; $7.4 million from DREE and the remainder from the Department of Environment (DOE). The policy sought the development of a strategy for water management, the analysis of water supply and demand and generally to undertake, in the Saskatchewan portion of the Souris River Basin, a series of flood prevention programs.

The origins of the Agreement are found in a series of studies and federal-provincial initiatives going back to 1974. In October of that year, a federal-provincial agreement was signed with Manitoba and Saskatchewan under the Canada Water Act of 1970. This water Agreement called for the study of the basis of water management of the Souris River. Results of the study were reported in June, 1978. Also, a related initiative was the Qu'Appelle Valley Agreement which included elements of flood control and water quality and supply. A further, and most influential, agreement was the Canada-Saskatchewan General Agreement Respecting Flood Damage Reduction Through Flood Area Management, signed in April, 1977. DOE was the federal department involved. This latter Agreement provided for long-term strategies to deal with floods in urban areas and included subsidiary agreements.

The aforesaid activities were dominated by research. It was not until the prairie drought in 1977 that attention turned more to a program-related policy. In early 1978, DREE (Ottawa) prepared a Cabinet submission dealing with drought. Discussions followed with the prairie provinces on projects dealing with drought and with improving development prospects through water management. DREE had intentions of signing similar agreements in each of Manitoba, Saskatchewan and Alberta. With Manitoba seen
as the most disadvantaged economically, it had first priority in signing. 67 Also, officials were anxious to move quickly in Manitoba in the hopes of discussing a subagreement on water at a GDA Ministers meeting in Winnipeg set for mid-October.

In Saskatchewan, a federal-provincial meeting in September, 1978 had established a work program for a water development agreement. It was hoped that Schedules A and B to that agreement could be drafted by November in time for a GDA Minister's meeting in that province. DREE, at this stage, had indicated to Treasury Board that draft agreements for Manitoba and Saskatchewan were imminent. 68

Ministers met in November 1978 and established a priority for action on all water-related constraints to economic development. By January, the first complete draft of the Agreement had been prepared, patterned on the earlier Canada-Manitoba Agreement. Senior management had the view that a province-by-province approach was necessary, and the GDA mechanism afforded the flexibility for just such an approach. 69

To this stage, the province had not taken an active part in the formulation process. This changed when a decision had to be made whether to pursue the policy through a subagreement under the GDA or the Canada Water Act. In fact, the anticipated policy could also be implemented through several other existing or imminent mechanisms, including the Agriculture Agreement, the Flood Damage Reduction Agreement, the

67 File notes, DREE (Sask.), August 30, 1978.
68 Letter, Love to Treasury Board Secretary, October 6, 1978.
Agriculture Service Centers Agreement or the Community Services Grant program. The federal approach was basically to employ a known policy format, and this incremental approach was noticed by the province in the comment that "all Canada has to offer is a repackaging of old programs and money for more studies." The province meanwhile wanted specific action on projects. What seemed to clear the way for a consensus between governments was the inclusion of a very detailed list of projects related to flood reduction for Saskatchewan communities along the Souris River. In addition, the background of the impending federal election made for a positive negotiating climate.

The Water Development Agreement seemed to have the basis for a comprehensive approach. Years of study had preceded the formulation of the policy; numerous agencies were available to contribute to a discussion of alternatives; and the policy-making process was being directed from Ottawa where the perspective should have been the broadest possible. Synoptic processes and central coordination had come together.

As the formulation of the policy evolved, however, it was apparent that cognitive processes were becoming increasingly incremental. Alternatives being suggested were not much different from what was already in effect or from what could be done through existing policy. Officials looked to a neighbouring jurisdiction to draw the framework for the Agreement; and this framework facilitated only a limited analysis of the policy issues. Some important aspects of water management were excluded, including irrigation development, subsurface drainage studies, effluent

Letter, DM, Saskatchewan Department of Environment to Lane, December 1978.
management and, most important, the relationship of water management to regional economic development. Drought, flood protection, soil productivity, soil and water conservation and industrial and community development were all acknowledged as being interrelated but were never studied as such. Also interrelated were the provinces of Alberta, Saskatchewan and Manitoba and the federal Departments of Agriculture, Environment and Industry, Trade and Commerce. These issues and these important policy actors were never brought together even in a conceptual way. The reasons for not doing so were pragmatic; the water development policy might be delayed if other departments became too involved; it was seen as difficult for the federal government to enter the planning process in Alberta; and combining all related issues was an unnecessary complication.

It was apparent too that strong central influence over coordinating processes could not promise a synoptic perspective. In fact, it was Ottawa that pressed for the finalization of the detailed schedules supporting the policy in order that the DREE Minister could feel secure in discussing the issue with his provincial counterparts. It was senior management that emphasized the value of proceeding on a province-by-province basis rather than seeking an integrated set of solutions. It was also headquarters and the Regional Office that missed a good opportunity to involve the numerous public bodies that had an interest in water development policy, i.e., groups like the Canada-Manitoba Consultative Committee on Water, the Federal Task Force on Drought, the Prairie Provinces Water Board and the Canada-Saskatchewan Consultative Committee on Water. The view resided that only those agencies with direct program responsibilities should be involved in the formulation process and
subsequent management of a water agreement. 71

5.3 The Cognitive Process

The analysis will now deal more specifically with the cognitive and coordinating processes that constitute the policy-making framework. Attention will first be focused upon the cognitive dimension.

5.3.1 Synoptic Analysis

It will generally be argued here that in terms of the depth and breadth of analysis, cognitive processes were partial, incremental and weak in some fundamentally significant areas. It is important, however, to point out that there were various attempts to recognize the value of a comprehensive focus. The more substantive efforts in this respect will be examined.

For several years, DREE had sought provincial support for an industrial development strategy for the province; a strategy that would identify the appropriate scale, location and priority of industrial opportunities. The strategy would also be integrated with, and complementary to, urban and rural development strategies. DREE's Saskatchewan Director General (DG) even proposed a permanent federal-provincial committee to establish strategies and set priorities for GDA activity. 72 The province, however, was not supportive; its main industrial strategy was to obtain a redirection of the RDIP, allowing for increased funding

71 File notes, DREE (Sask.), August 30, 1978.
72 Letter, Lane to Gartner, March 31, 1975.
limits. DREE could hardly accommodate such a move in Saskatchewan only, since RDIP was a national program.

DREE officials were quick to recognize that carefully prepared and logical strategies were required on the major complex policies concerning steel, Northlands, minerals and even development of the Qu'Appelle Valley. Such strategies, however, were never fully prepared, were not integrated one with another and were never carefully examined and/or tested by DREE for their logic. Still, it is clear that DREE officials did acknowledge the value of a comprehensive approach.

In several policy areas, DREE was conscientious in preparing the annual reviews required by senior management. Reports were prepared on schedule on the Qu'Appelle and first Northlands agreements and on the implementation of the policies towards the minerals and agriculture sectors. These reviews, however, did not seem to have any impact on subsequent policy formulation; they were prepared as part of a reporting obligation and not intended as a direct means for improving the policy process.

One other indication of synoptic tendencies was the recognition that a regional focus would enhance the impact, the effectiveness and the overall coordination of federal policy. Officials commented that they were generally aware of regional needs, shortages, capacities and development intentions.\textsuperscript{73} This awareness was important to the promotion of agreements on the basis of their regional and national benefits. A great deal of difficulty was experienced though in establishing such a broader synoptic regional focus.

\textsuperscript{73} Interviews with DREE Officials, Appendix D, Nos. 18 and 20.
These efforts to utilize synoptic processes are not insignificant. They must, however, be balanced against the evidence where cognitive processes were markedly short of synoptic. It was evident, for example, that a good deal of analysis had been done respecting the policies toward steel, Northlands, Qu'Appelle and minerals development. It was equally clear, and confirmed by officials, that these agreements harvested a storehouse of knowledge and analysis which had been done earlier. Recalling the economic changes that occurred after the energy crisis of 1973, it could be argued, however, that these sectoral analyses conducted in prior years would need considerable adjustment.

Nonetheless, adjustments in expectations, strategies and even development costs were not explicitly made. One reason offered by DREE was that more careful documentation of its policy proposals was not required until the period of restraint began in the mid-1970s; funds had been lapsed in most years, so the pressure to spend was substantial in relation to the pressure to do rigorous analysis. Only a very few policy alternatives were considered on each issue, and they most often dealt with implementation. There were no accepted models available as to which policies would be the most effective. Officials though felt that they knew the political importance of some policy goals and where a provincial commitment could be expected. As one official said: "Our analysis tries to reflect what would be acceptable to the province, but we still try to ensure that data collection is credible."

74 Interviews with DREE Officials, Appendix D, Nos. 18, 20, 21.
75 Interviews with DREE Officials, Appendix D, No. 18.
The rather casual treatment of analysis was also clearly demonstrated in the retroactive funding provisions found in the agreements on minerals, Northlands, planning and Qu'Appelle development. Each involved federal spending on measures which had no prior DREE analysis. The federal Treasury Board eventually put a stop to the practice.

A more general comment can be made on the manner in which DREE focused on policy issues. One of the relevant considerations, of course, was the impact of policy on the broader region. In most instances, the regional focus was only a theoretical construct. To some analysts, a broader regional view would be a hindrance in that the Saskatchewan office could not support an opportunity going to another province; they had to argue for development of opportunities in Saskatchewan and thus tended to downplay regional linkages and comparative advantage. There was even some support expressed for the notion of interprovincial competition. The DREE DG commented that "there are few cases where greater inter-city and interprovincial competition will not result in greater total new investment."76 The formulation of the Steel Agreement was a good example of the tolerance of competition. On such issues of development opportunities, officials were skeptical that a multi-provincial focus was possible. Rather, efforts were considered more productive in coordinating provincial sub-agreements around common interests. This was recognized to be the cautious approach, and one in which the Regional Office should play the lead role.

76 Memorandum, Lane to Millar, April 12, 1978.
The Regional Office, however, did not play this coordinating role, nor did it participate effectively in analytical activities of relevance to the provincial office. In 1975, for example, the regional work program for the year concentrated on studies of settlement patterns, on the relationship between metropolitan size and industrial structure and on institutional constraints in the form of finance and services. None of the work programs demonstrated any overall analytical framework within which the studies might fit. Furthermore, the priorities listed did not recognize the needs of provincial offices, the studies overlooked work completed or underway in other agencies, and there was no recognition of the need for coordination in applying analytical resources.\(^77\)

Policy evaluation was another important element missing from analytical processes. The Saskatchewan GDA, as did all others, contained a specific clause calling for an assessment of the effectiveness of sub-agreements in terms of a yearly review and, in addition, an \textit{ex post facto} evaluation. To aid this work, each subagreement was to contain a statement of objectives and methodology sufficient to permit a meaningful evaluation.\(^78\)

Evaluation was originally considered part of the overall analysis, planning and implementation framework under the GDA; it was seen as a management tool to improve present and future policy, with outputs and impacts actively assessed and efficiency issues examined.\(^79\) For a number

\(^{77}\) Memorandum, Surkan to Lane, April 23, 1975.


\(^{79}\) Memorandum, Lane to Mackay, December 3, 1979.
of reasons, evaluation never developed to where it had any significant impact on the policy process. One of the major problems was data availability. The provincial bureaucracy which implemented the agreements did not have a regular process for gathering information. It was not until the Forestry Agreement in 1979 that this problem was addressed through the allocation of resources for data compilation during the first year. Thus, for agreements between 1974 and 1979, there was little likelihood of a careful evaluation because no data were collected during implementation. The problem was that resources dedicated to evaluation had been separated from ongoing management. Part of the reason for this separation was the need for highlighting the existence of these resources at a time when the Comptroller General was spurring renewed interest in evaluation. Ironically, this renewed interest prompted a response that was superficial and designed to ensure visibility but not substance.

The attitudes to policy evaluation reflected its low priority. To some officials, having the commitment to evaluation noted in sub-agreements was sufficient; a standardized formal procedure was unnecessary since agreements differed in scope from one to another and from province to province. Moreover, any evaluation of policy efficiency was complicated by the fact that implementation was the responsibility of the provincial government, and there was an understandable sensitivity about evaluating the efficiency of provincial agencies. There

80 Memorandum, Savin to Storey, September 17, 1979.
81 Memorandum, Savin to Lane, August 21, 1979.
was also a sensitivity about distributing the results. The provincial government, as joint manager, was reluctant even to release information to the DREE Regional Office for fear of it being passed to other provinces. In these circumstances, officials in provincial DREE offices sought to limit their responsibility to coordinating the evaluations rather than actually conducting them.  

Generally, the analytical activity undertaken seemed to be the minimum necessary to promote the policy in 'Ottawa', especially before Treasury Board. The amount depended upon several factors including: the range of interests which were affected (the more interests, as in the Steel Agreement, the greater the breadth of analysis); and the degree of provincial political support (the more the support, the more acceptable became a hurried analysis, sufficient just to establish that the policy made sense). In fact, "in some agreements, analysis had been as little as one page."  

The extent of analysis depended also on whether the private sector was involved, which made the policy more visible and the risks of error greater. Another determinant was the extent of social policy mixed in with the economic; if there were numerous social overtones, as in Northlands, there was neither the capacity nor the pressure to analyze these as rigorously as the economic or commercial implications. It was clear that political influence could transcend all of these factors. It has been shown that, at the time of the Saskatchewan GDA, both the federal and provincial political interest was high. The

83 Memorandum, Lane to Ross, November 3, 1975.
84 Interviews with DREE Officials, Appendix D, Nos. 17; 18, 21.
early ministerial meetings established the political commitment for virtually every major agreement that was to come in Saskatchewan. After this early commitment, there was little spontaneous, ad hoc contact between the DREE Minister and his counterpart in the province. Provincial ministers did not develop the habit, as they had in British Columbia, of contacting the DREE Minister and expressing their views directly. Saskatchewan ministers dealt more through the GDA annual meetings that were held each year to 1978. They also seemed to rely more on the provincial bureaucracy, representing, or at least passing on, the political values of the province. The provincial officials operated by drawing up their proposals in isolation, reaffirming the political commitments and presenting them to DREE. The Chief Planning Officer attached to the Provincial Cabinet had the responsibility of conducting negotiations on specific agreements. He was very sure of his political ground and able to speak authoritatively of the political issues. Thus, there was a continuous input of political values from the province and very little from the federal viewpoint.

The regular GDA meetings were an opportunity for more formalized political input. Here, too, the province seemed to dominate. The discussions were exclusively of provincial concerns and priorities, perhaps because the federal government had no particular strategy respecting development in the province and could therefore only respond. As elections approached, especially in fall of 1978, the provincial ministers

*85* File notes, DREE (Sask.), on federal-provincial meeting, November 21, 1975.

*86* File notes, DREE (Sask.), November 19, 1976 and November 14, 1978.
were more specific in what their development priorities were when, for example, Agriculture, Water Development and Forestry Agreements all received political support to be "initiated very quickly" following the GDA meeting. 87

Apart from these annual occasions, DREE officials were not impressed by the quality of political input on either side of the policy formulation process. The input was often disappointing, amounting to, as one official said, "little more than an ordering of the agenda." 88 Ministers seemed more concerned with who was getting the credit and about specific projects than in the broad aspects of policy.

It may be worth summarizing what has been said about synoptic processes. While there were some indications that DREE officials recognized the value of synoptic analysis and its place in the policy process, this recognition never went much beyond the conceptual stage. The process could not generally be considered synoptic with the absence of original analysis, the retroactivity provisions of policy, the confined area focus, the neglect of evaluation and with the limited input of values on the federal side.

5.3.2 Mixed-Scanning

In terms of the individual subagreements, there was no evidence of any regular or established effort to identify policy issues that warranted more careful analysis. Outside the direct context of the

87 File notes, DREE (Sask.), November 14, 1978.
88 Interviews with DREE Officials, Appendix D, No. 15.
agreements, there were periodic overview assessments made "to feel the pulse of the province."\textsuperscript{89} As was the case in British Columbia, however, these policy reviews, economic overviews, and assessments of development opportunities were all seen as philosophical documents done for a political audience in Ottawa—papers done to please rather than to inform. To officials, efforts to scan the policy horizon were of little practical relevance since the level of economic forecasting skill was seen as inadequate, as was the ability to modify what was forecast.\textsuperscript{90} Furthermore, the senior official in charge of policy analysis in DREE (Saskatchewan) had established a six-month research cycle whereby a new research program was drafted every six months. There were study programs which extended for two to three years. The problems considered were concrete, dominated by a review of economic circumstances which were relevant to the current fiscal year and related to expected subagreements.

The economic prospects papers did indicate provincial government concerns and development priorities; these, however, were not the product of a rigorous, detached analysis by DREE. Furthermore, the papers were not specific enough to be useful in directing the course of future development. The province approved of the content of the overviews before they were distributed and did not care to have its policy intentions carefully laid out in a federal document.

\textsuperscript{89} Interviews with DREE Officials, Appendix D, No. 18.

\textsuperscript{90} Interviews with DREE Officials, Appendix D, Nos. 16 and 18.
5.3.3 Incrementalism

Cognitive processes in a number of agreements were characterized by an incremental rationale. In the agreements on minerals, planning, Northlands, agriculture and forestry, officials were contemplating two basic sets of circumstances. Either the agreement would be a marginal shift from what already existed in the province, or it would be a marginal shift from what already existed in another jurisdiction and would be adapted to the province in question. Even agreements that had no obvious predecessors, like Qu'Appelle or steel development, had the basic characteristic of being partial solutions. Officials felt the policy would unfold in increments and that, very likely, subsequent policy measures would need to be applied.

Another indication of incremental rationale was the fact that major portions of policy were not even included in the signed agreements. Elements of policy would be worked out in stages as time progressed and as circumstances evolved. The main objective of the policy process was to get the agreement to the signing stage. Officials felt that it was important for agreements to be written flexibly. This meant keeping the body of the agreement as general as possible, emphasizing the common interests of DREE and the province. Specific program/project and cost detail appeared in the attached schedules. With such documentation, it would be easier to obtain a consensus with provincial officials. In signing the agreements, ministers were establishing only the broadest parameters of policy. Policies actually implemented were up to the discretion of officials in large measure. Since provincial officials were responsible for implementation, they were willing to accept measures in
the attached schedules which the province did not particularly support. They simply exercised the option not to implement them. For example, both the Agriculture and Forestry Agreements contained provisions for direct industrial development incentives to the private sector. It was well known that the province did not support such incentives. It came as no surprise that the industrial development portions of these Agreements were not implemented and the money diverted to other uses within them.91

This ability to divert money, or to "cash manage" as it was described, is another indication of the tentative and shifting character of policy under the subagreements. The structure of agreements was never firm. If a higher priority emerged, it was not difficult to bleed money from existing agreements to accommodate a policy shift.

It was also not difficult to make amendments to agreements to account for oversights and errors that were made in the formulation stage. Often, these oversights were no more than careless assumptions about levels of demand for programs or about the appropriate program criteria. The Qu'Appelle, Steel and Planning Agreements all were troubled by mistaken expectations. Such mistakes were generally corrected in the implementation stage: "during the last month or two of each fiscal year there are a considerable number of amendments to authorizations in order to ensure that the maximum funds allocated to any particular agreement can be spent."92

91 Interviews with DREE Officials, Appendix D, Nos. 20 and 21.

92 Memorandum, Smart to Earl, June 5, 1980.
The checks and balances that existed 'downstream' can perhaps explain part of the tendency toward partial analysis. Much of this was discussed earlier in connection with the gaps in synoptic processes. There were, however, also some indications of truncated and partial analysis that can clearly be considered as incrementalism. One illustration was the emphasis on establishing the policy effort (i.e., the financial commitment) before the policy was formulated. Saskatchewan ministers and officials were interested in knowing the probable federal commitment before serious analysis and program development work began.\(^93\) In the Agriculture, Qu'Appelle and Minerals Agreements, there was the tendency to design policy around the resources likely available. Clearly, analysis was extended only as far as the horizon of anticipated resources. Under these circumstances, it could be expected that an incremental shift in policy would be the result.

It was noted earlier that a prime motivator was 'getting agreements to the signing stage'. In addition to drafting 'flexible' agreements, officials also saw the value of dealing in what was practical and feasible. In this respect, sectoral rather than spatial agreements were preferred, together with the smaller, more specific policies that would involve the minimum number of other federal departments.\(^94\) With such a focus, it was easier to establish the boundaries of policy and easier and less time-consuming to negotiate agreements.

The incremental perspective that has been described was a product of pressures on officials not only to move quickly on individual agreements but also to move quickly in signing different agreements. As early as 1973, provincial priorities for subagreements were evident in perhaps twenty separate areas. This anticipated level of activity put pressure on the limited staff resources of DREE. As early as July 1974, the analysis staff was concerned over the volume of work associated with policy briefings, updating the economic status reports and with responding to subagreement development work. There was not the time, the resources or the interest in DREE to make an indepth appraisal of the myriad of issues being presented. DREE could only deal rigorously and proactively with a select few (e.g., the Steel Agreement) and merely respond to the rest.

Pressure to deal with issues incrementally was also the result of the lack of federal strategy concerning development in Saskatchewan. The provincial government had at least a policy on resource development and a clear idea of what delivery instruments were preferred. In this setting, DREE could not think in terms of basic first principles or in terms of fundamental changes and new directions. The federal department was placed in a responsive mode with a segregated and limited view of the policy environment and with restricted abilities to influence that environment.

95 Interviews With DREE Officials, Appendix D, No. 15.
5.4 The Coordinating Process

5.4.1. Central Control

The possible sources for central control of coordinating processes were the DREE Regional Office, the headquarters office, and the 'Ottawa' system generally, i.e., central agencies. None of these sources was very effective, especially so as the GDA approach matured.

Beginning with the Regional Office in Saskatoon, it can be said that during the negotiations leading to the GDA and the early subagreements, some regional influence did exist. At least, there was extensive regional participation and exchange of information. The federal-provincial work teams doing the analysis and drafting of agreements on Northlands, agriculture, forestry and Qu'Appelle all had representation from the Region and staff support on several studies.

The Regional Office did not, however, become directly involved in decision-making. The reporting relationship between the regional ADM and the lead federal negotiator did not facilitate a regional role in decisions. In the early work under the GDA, there was a lack of clear official responsibility for the work program. The leading DREE representative in the province was still officially based in Ottawa. His communications with the interim ADM in Saskatoon were more of an obligation than a search for direction or approval. Communications, prepared each week on each of the major policy areas, were purely informative; most reports were signed by the executive assistant to the DREE negotiator.
As subagreements came into effect, the Regional Office established a good working relationship with the Saskatchewan Office. An assessment of that relationship revealed that a real effort was made to discuss and coordinate possible interprovincial conflicts and to plan strategies for the province.\(^{96}\) The problem with the regional contact was that working level discussions on problems, priorities, strategies, and work programs did not occur. The contact was largely between the Director General and his counterparts in the Region. This placed the DG in the best position to communicate the regional view on agreements. Meanwhile, the DG preferred to remain at arm’s length from actual negotiations. Thus, the regional influence from senior policy levels did not flow directly into subagreements, and the influence from the working level suffered because of poor communications.

Another formal coordinating mechanism operating through the Regional Office was the Executive Committee in which all four western DGs participated under the chairmanship of the ADM. However, the influence of this Committee was not evident in any policy context. The regular monthly meetings had agendas dominated by administrative matters such as staffing, expenditure records and forecasts and tracking of major projects. Officials in provincial offices were generally aware of the activity of the Committees; but since this activity played no part in the regular communications flow, it had little direct impact.\(^{97}\)

\(^{96}\) Andrews, Hill and Associates, \emph{op. cit.}\n
\(^{97}\) Interviews with DREE Officials, Appendix D, No. 19.
A measure of impact was felt through the ADM's influence over the resource levels available to each provincial office determined in bilateral discussions between the ADM and each DG. However, these discussions did not directly influence the key policy issue of the allocation of money among agreements. Furthermore, it was a static process, not relevant to the dynamic coordinating needs of policies being formulated at the working level. This irrelevance was noted by some officials who felt the Regional Office constituted "only more salaries" without influence or function. 98

The coordinating influence from headquarters was not a great deal more evident than that from the Regional Office. The mechanisms relied upon were the Senior Management Board, the Report on Sub-agreements in Progress and the annual GDA meetings. The Management Board was chaired by the Deputy with the participation of each Assistant Deputy. Again, like the aforesaid Executive Committee, it seldom focused on policy issues that were immediately relevant to subagreements. Management of resources, human and financial, were regular agenda items as were the efforts to set broad strategic targets for the Department.

These discussions were not closely followed by development and analysis officers in the field. Provincial office officials felt that headquarters was 'out of touch' and that little effort was made to improve coordination and liaison activities within the Department, with the main coordinating focus being on OGDs. However, as pointed out earlier, as long as DREE had more money than it could disperse (the case

98 Interviews with DREE Officials, Appendix D, Nos. 16 and 17.
through 1978-79); there was no great need to coordinate with OGDs, particularly since OGDs were not seen in the field as policy development partners under the GDA. Thus, headquarters, and the Management Board more specifically, had much the same problem of relevance as did the Regional Office.

The second mechanism, the Report on Sub-Agreements, has been dealt with earlier in the context of British Columbia. The Report was a passive information exchange instrument and not a means for overtly integrating policies within the Department or across the federal system. As long as information flowed primarily from field offices, the Report was hardly a useful means of enhancing the coordinating influence of officials anywhere in 'Ottawa'.

The third device was the annual GDA meeting. These meetings, which had a great deal of potential as a coordinating influence, were held in Saskatchewan between 1975 and 1977. Senior federal and provincial ministers were expected to discuss progress under the GDA and their respective plans for the future, including those areas where joint development might be appropriate. The raison d'être of the meetings was to effect intergovernmental policy coordination. They did review the policy agenda of the provincial government with the objective of identifying items that DREE could support, and they were also an opportunity for the province to promote the timing for developing particular agreements. Each of the meetings ended with a federal commitment on some issue important to the province, whereas the reverse was never found to occur. The opportunity was not taken to use the meetings to integrate federal and provincial government policy at the provincial level.
Each of the foregoing means of coordination open to headquarters failed to have the desired impact on the provincial offices. One official concluded that very little coordinating direction came from either the Region or 'Ottawa' and that "Ottawa never enters into our scheme of things...Ottawa does not understand the West."99 'Ottawa' was left to perform a review function through which field officers could observe broad development expectations (most importantly the political will) and could determine what to avoid and where to be cautious.

It is important also to consider the coordinating influence of the 'Ottawa' system, going beyond the DREE headquarters office. It was quite clear that provincial offices seldom felt the influence of central agencies. Agencies like the Privy Council Office, Treasury Board, Finance and Federal-Provincial Relations were not brought into the policy process until very near the end, and there was very little opportunity for these agencies to offer advance direction to DREE officials. The only agency that offered any direction at all was Treasury Board.

Treasury Board staff concentrated on several areas: seeing that OGDs had been consulted (to say nothing of the quality of consultations); determining whether DREE could raise the money committed in the separate agreements; and judging whether the expected cash flow could be accommodated and whether the policy details complied with various federal regulations. In some instances though, the Board did take on a policy coordinating role. In the Northlands and Minerals Agreements, the Board highlighted the need for policy integration between DREE and OGDs and

99 Interviews with DREE Officials, Appendix D, No. 17.
made it clear that some elements of these policies were not high federal priorities.

In spite of these brief forays into policy coordination, the TB influence was limited. There was no discussion of general development strategies with the Saskatchewan office; there were no field visits by TB staff to familiarize themselves with conditions and personalities in the province; and there was no regular monitoring and enforcement of commitments that were made by the Department.\footnote{Andrews, Hill and Associates, op. cit.}

The promise held out by the GDA approach was to improve upon the policy coordination of previous federal-provincial arrangements in regional development. However, by the end of 1978, it was "clear even to the provincial government that the federal house is not in order and requires a better coordinated effort, with respective federal departments committed to a mutual economic development strategy."\footnote{Memorandum, Herringer to Lane, November 21, 1978.} The lack of central control or influence was recognized by officials, who would generally have favored having a 'top-down' sense of priorities.\footnote{Interviews with DREE Officials, Appendix D, Nos. 15, 16, 18 and 21.} This would have given a national and regional perspective to analysis and might have changed DREE's operating stance of continually responding to provincial moves.

5.4.2 Procedures

A document entitled "Procedures for Developing Subsidiary Agreements-Provincial Office" was distributed in October, 1974 by the Regional

\footnote{Andrews, Hill and Associates, op. cit.}

\footnote{Memorandum, Herringer to Lane, November 21, 1978.}

\footnote{Interviews with DREE Officials, Appendix D, Nos. 15, 16, 18 and 21.}
ADM to the DG in Saskatchewan. The purpose was to invite comment on the suggested procedures for possible broad application across the Region. The DG responded that there were too many decision stages involving the ADM and the DM. The DG recommended revisions treating these stages as information points, with approval by senior management to be assumed unless otherwise indicated.

Even with the DG's revisions, the formal procedures would have been a remarkably complete coordinating mechanism. Provisions were made for senior management approval even before preliminary analysis; a work program was to be widely distributed within DREE through a program coordinator; current government policy on evolving issues and various program options were to be circulated through the program coordinator; the Deputy and the Minister were to be advised of each policy proposal on the basis of the preliminary analysis; the ADM and program coordinator were to participate in meetings with OGDs and with the provinces; information was to flow regularly to OGDs as the work program was carried out; Ottawa officials were to participate in interdepartmental discussions; and senior management was to play an active role in the actual negotiating process.

The main ideals expressed in these procedures were accepted by officials, but they were not accepted as formal and rigid guidance to the policy formulation process. Comments from officials were varied:

103 Memorandum, MacNaught to Lane, October 17, 1974. (It is interesting to note that by fall of 1974, most development activities on at least five agreements had already taken place or was well underway.)

104 Memorandum, Lane to MacNaught, November 8, 1974.
formal procedures would take too long, so we avoid parts of them; "in an atmosphere of persuasion, procedures are ill-suited"; "procedures are followed in intent, but not in fact...formal procedures are only involved at the final stages." 105

The procedures were seen to serve interests of headquarters rather than those of the provincial office. In Ottawa, DREE needed to be able to defend against OGD complaints over consultation. It could do so by pointing to procedures that would illustrate the various stages of OGD involvement. Headquarters also needed procedures for some minimum assurance of consistency for legal and accounting purposes. Provincial office officials found some of this standardization appealing, insofar as it meant fewer items to negotiate with the province. Officers could "plug in the economic circumstances and the programs and dollars, using the same core wording, the standard cost-sharing and other provisions." 106

There were other procedures that concerned evaluation processes and dealings with central agencies. These applied, or were expected to apply, in every province and so will be dealt with under the overview of policy processes in Chapter VI.

5.4.3 Bargaining

The success of the GDA approach was predicated on bargaining in two major forums: one between DREE and the provincial government; and the other between DREE and OGDs. In neither of these relationships would

105 Interviews with DREE Officials, Appendix D, Nos. 18, 20, 21.
106 Interviews with DREE Officials, Appendix D, No. 19.
DREE find itself in an authoritative position. DREE had a coordination mandate and money—and little else to rely upon. Bargaining and negotiating became characteristic modes of operation for the Department. The question is whether through negotiating processes, DREE was able to establish the sort of policy and administrative coordination foreseen under the GDA. The bargaining between DREE and the province will be examined first.

It has been demonstrated that DREE and the province had established a very close relationship even before the GDA was actually in place. The relationship was such, and the agreement on objectives so complete, that very few issues were left to negotiations as the subagreements unfolded. The relationship was formalized when a federal-provincial Steering Committee was set up in June, 1973 with Deputy-level representation from six key provincial departments plus the Cabinet. The Committee was to manage the formulation of the GDA along with several subagreements; in turn, a Working Group directed several project teams which actually did the work.

Each priority policy area was examined and a framework established for future program activity. The work relied on provincial data and was based on provincial priorities described in ministerial meetings in May, 1973. It was through these efforts that DREE was brought into a close working relationship with the province—a relationship which saw DREE officials regularly copied on internal Saskatchewan government departmental memos, which facilitated the extensive interchange of senior officials between DREE and the province and in which DREE papers on economic prospects were reviewed and accepted by provincial officials.
This relationship established a federal-provincial concurrence on policy under the GDA that would last throughout the 1970s. The agreements signed in May, 1979 had all been anticipated in the priorities established in 1973.

The early formalization of provincial priorities was backed by political commitments that did not change markedly over the years to 1980. The stability of a political environment without a change in government gave the early GDA priorities a certain continuity that officials could trace. Priorities were thus removed as an item from the intergovernmental bargaining agenda.

Another area that was not subjected to bargaining was the strategy that should be followed in the various agreements. A priority was established, for example, in Northlands development, but just how to effect that development still ought to have been the subject of negotiations. This was not the case, however, as debate over development strategies was limited because federal officials had no clear strategic objectives; there was "practically no idea of strategy on the federal side."\textsuperscript{107} Meanwhile, the province had a definite strategy that emphasized public management of resource development, joint social and economic development and that stressed investment in social capital infrastructure rather than direct assistance to the private sector. DREE had no strategic alternatives that it could vigorously argue.

Another major issue which was not the subject of continuous negotiation was the financial commitment to agreements. There were at least

\textsuperscript{107} Interviews with DREE Officials, Appendix D, Nos. 15, 17, 19 and 21.
three situations in which finances were taken out of the bargaining process. The first was through a prior ministerial understanding, as in the Steel Agreement, where officials were expected to design the policy around the strict financial guidelines agreed upon. Policy formulation simply extended only to the limits of financing. A second situation was when maximum federal commitments were set down by headquarters, as in the case of the first Planning Agreement and the Minerals Agreement of 1978. These limits were often set without much regard for the actual policy which the money was to support. There were rarely any consultations with the province, let alone negotiations. A third instance was when the province simply indicated the extent of resources which could be budgeted for a particular initiative. This was the case with the Agribition and Northlands Agreements. There was no need in any case for DREE to attempt to scale down the demands of the province (as was repeatedly the case in British Columbia). The reasons are unclear but may have had something to do with the relative fiscal strength of the two provinces and also with the fact that Saskatchewan was seen as a 'have-not' province and, therefore, more worthy of larger federal contributions.

A final factor that reduced any tendency toward vigorous bargaining was the shared perception between DREE and the province that each depended on the other to ensure that policy got through the federal system quickly and intact. DREE officials were concerned about obtaining a consensus with the province even on early conceptual proposals and having any disagreements that existed cleared up before the policy even took shape. The province was a powerful ally to DREE in its dealings with the 'Ottawa' system. At the same time, DREE also supported the
province, fitting in between it and 'Ottawa' and speaking on behalf of the provincial government.\footnote{108}

The aforementioned examples suggest that federal-provincial bargaining under the GDA in Saskatchewan never did become an effective policy coordinating mechanism. Key policy priorities and strategies were simply not widely debated. Long standing provincial priorities found their way into subagreements with a minimum of adjustment by either party. One very illustrative comment was made by an official who recalled the multiple signings of agreements just before the 1979 election. The signings were not the culmination of a long and wide ranging bargaining process between governments, rather "We knew that a hiatus would occur after the election, we did not want to see a lot of work go down the drain."\footnote{109}

Turning attention briefly to the bargaining between DREE and OGDs, it would appear that some federal policies were being coordinated and that this was the product of extensive contact at the local level. The Saskatchewan DREE office had a good working relationship with OGDs at the local level. This was established as early as 1973 when DREE met in Regina with fourteen heads of OGDs to discuss DREE plans. Background papers on all subagreements in progress were circulated. Also in 1973, interdepartmental committees, with participation from EM&R, IT&C, DOE and Agriculture Canada, were established to review proposals on steel and agriculture. At about this time as well, a committee of federal DGs was established which met at least quarterly to discuss major mutual issues.

\footnote{108}{Interviews with DREE Officials, Appendix D, Nos. 16 and 20.}
\footnote{109}{Interviews with DREE Officials, Appendix D, No. 20.}
Out of these contacts came a degree of participation by OGDs that was unparalleled anywhere else in the country. As Appendix C indicates, Saskatchewan far exceeded other provinces in terms of cost-sharing with OGDs. The vast majority of agreements were also co-signed and co-managed with OGDs.

What has still to be queried though is whether this contact and financial input meant a broad federal integration of policy in the province. There was no question that DREE did manage to bring in OGDs to enhance policy delivery in Saskatchewan. However, "much of the impetus to delivery by these departments [can be] attributed to DREE's willingness to spend money on things that other departments should have been doing." 110 Indeed, it was reported that for some departments the expenditures were not a policy priority at all but rather a concession to the province and to DREE, "outside the pressure of a federal-provincial agreement, it [was] doubtful if the spending would continue." 111 The subagreements were carefully marketed to OGDs at the local level with money from DREE often being used as a device to help overcome mandate sensitivities.

Pressure may also have been generated by the close working contact between OGD field offices and DREE. (Recall that these field offices concentrated on program delivery rather than on policy development.) DREE was able to involve OGDs in policy activity at the regional level, and by the time policies reached 'Ottawa' there were irreversible momentum

111 ibid.
behind the agreements and undeniable expectations of participation by the OGDs. Since OGDs administered their own program involvement, field officials were offered an increased opportunity to expand their sphere of activity in the province. Such an opportunity was a significant incentive for support to an agreement.

In conclusion, it can be argued that the appearance of policy coordination on the federal side may have been illusory since the spending commitments of OGDs were not the result of their explicit priorities but rather of pressures exerted by the GDA process. It can also be argued that this apparent coordination was not due to the bargaining process at all since the policy level of OGDs was not involved until very late in the formulation stage.

5.5 Summary

The cognitive dimension of the GDA policy process in Saskatchewan showed a tendency toward incrementalism in spite of some obvious synoptic intentions. Officials were aware of the value of a regional focus for policy, of the importance of developing alternative strategies and of the need for policy to have an explicit and well-documented rationale. For the most part, however, these intentions were not reflected in actual policy formulation.

The approach could not be described as synoptic in view of some major deficiencies. It was readily conceded that a minimum amount of analysis was done, just sufficient to promote the proposed agreement. The quality and quantity of work would vary widely depending on the
perception of "sufficient". There was no thorough investigation of the broader regional or national implications; there was extensive use of dated information (some policies were enacted based on conditions that prevailed years earlier); and rigorous evaluation of policy impacts simply did not occur. The very important question of how the proposed agreements related to regional development was never systematically dealt with; rather, it seemed that the regional development benefits were just to be assumed in whatever DREE did advance. This was a careless assumption because even DREE was dubious as to some of the Agreements it had signed (the initiatives in minerals development and on the Agribition are good examples). Furthermore, there were Agreements that had design problems potentially serious enough to jeopardize their regional development benefit as in the case of the Qu'Appelle and Steel Agreements.

The second component of the cognitive dimension, mixed-scanning, was characterized much as it had been in British Columbia. Policy overviews were conducted, and economic reviews and analyses were prepared. These, however, were intended for an audience in the Regional Office and "Ottawa" and were not made an integral part of the policy process in the provinces. The activity was well conceived but poorly applied.

The third component, involving incremental processes, was very much in evidence in the development of agreements. That evidence included the supplementary and phased initiatives that characterized some sectors, e.g., minerals, Northlands, planning and agriculture. Evidence was found too in the emphasis placed on moving agreements to the signing stage and then having the policy worked out during implementation. Also, the flexibility to shift money within and between agreements, to "cash manage" in
other words, gave the capacity for continued adjustment as priorities shifted or new ones emerged. Policy could continually be adjusted at the margins. Incremental processes were also seen in the analytical emphasis on what was feasible, practical, concrete and politically attractive; analysis was conducted within time and personnel restrictions and continued only until a package of programs had been developed sufficient to consume the money available. One final example is offered in the checks and balances in the form of amendments that were relied upon by officials to correct any oversights made in agreements.

Turning to the coordinating dimension, there was some evidence of an effort to coordinate using each of the processes of central control, procedures and bargaining. However, none of these was carefully managed or focused sufficiently on policy to be effective.

There was some coordinating influence from the center, both by way of the Regional Office and headquarters. This was attendant mainly on administering the timing of agreements and on managing the fiscal resources of the Department. After the GOA was in place, the focus of contact was the Director General; who left the discussions on agreements up to his senior staff. Thus, the regional/headquarters contribution did not have a direct channel into the policy formulation process in the provincial office. The flow of information was concentrated from the bottom upwards in the Department. Without information regularly flowing the other way, the opportunities for coordinating influence from the center were limited.

There was also some influence from the center that was not part of the DREE structure. Treasury Board, on occasion and usually upon approving agreements, would indicate where policies and resources needed
to be coordinated with others and would comment upon policy priorities. This influence, however, was focused on resource management and was too sporadic to be effective over the range of policy activity.

The coordination of policy through procedures was also largely ineffective. Coordination of administrative matters was much more amendable to procedures in, for example, obtaining legal and financial clearance for agreements, standardizing wording and in procedures for forwarding documents through Cabinet and Treasury Board. On the policy side, however, procedures for dealing with OGDs, for obtaining a wide range of inputs to the policy process and for evaluating policy, as examples, were largely ignored. Generally, procedures were not effectively monitored or enforced.

The bargaining processes that were in place were perhaps the most effective in coordinating policy. However, there were still many key issues that were shielded from intergovernmental negotiations, such as policy priorities, strategies and dollar commitments. In this situation, coordinating processes took on a passive and superficial character. The bargaining between DREE and OGDs was equally circumscribed.

One interesting observation is that working level contacts (i.e., below the Director General) between DREE and other departments, federal and provincial, seemed to frustrate rather than augment policy coordination. DREE felt that the relationship with OGDs in the province was sufficiently close to satisfy the requirement for OGD consultation. However, discussions were of a program rather than a policy nature, and real policy level bargaining just did not take place. The relationship with the province was also very close. Working level staff recognized the value of having one another as allies as early in the policy process
as possible, with the result that a priority was placed on establishing a common front. Protracted policy bargaining would have breached that front.

It is also interesting to note how the coordinating, and to some extent cognitive, processes changed over time. This change was not the sort that gave rise to a first and second generation of agreements. It was rather of a more fundamental sort that made agreements themselves less likely. By the late 1970s, provincial priorities enunciated via the GDA had largely been met, and new priorities were being set in oil, potash, uranium and transportation, i.e., in areas where DREE's mandate gave it a limited role. With the shift in priorities, the relationship "shrunk to the required minimum, the processing of enough paper to keep the Ministers happy." Another factor was the impact of restraint (which will be dealt with in detail in Chapter VI). Restraint reduced one of the key incentives for both the province and OGDs in dealing with DREE, i.e., the availability of discretionary funding.

This reduced incentive was reflected by the province in late 1979, when primary contact with DREE was shifted from the Executive Council of Cabinet to the Department of Intergovernmental Affairs, with whom DREE had difficulty establishing a rapport. As a result, DREE was forced "to operate the GDA interface on a very infrequent and generally issue-oriented basis." 113


113 Memorandum, Savin to Lane, November 2, 1979.
The shift in cognitive processes was less obvious. As the GDA process aged, those in policy implementation came to replace the developers and the planners. The limited resources which had been dedicated to analysis were further constricted. It is logical to conclude that synoptic processes would be a casualty of this adjustment. Another development which may, over time, have had an impact on DREE synoptic processes was the new prosperity of Saskatchewan and the renewed confidence as conveyed in provincial government perspectives of the 1980s. The province felt confident in expressing a long-term view of economic development, a view that was not predicated on federal participation either through DREE or the GDA.

In a more general sense, in both Saskatchewan and British Columbia, it became very clear that performance differed from intentions. The rhetoric did not reflect, nor did it seem to influence, the policy process. The next chapter will examine more carefully precisely what was intended in cognitive and coordinating processes and will present an overview analysis of the actual proceedings. It may be possible then to determine which factors were influencing the policy process and to explain the differences between expectations/intentions and results.
CHAPTER VI

ANALYTICAL OVERVIEW

To this stage in the study, attention has been paid to specific provinces and to individual subagreements. The aim of this chapter is to amalgamate the evidence and to identify the basic characteristics of cognitive and coordinating processes under the GDA approach. There will be an outline of the processes as they were intended to function; this will be followed by an overview of the observed processes, noting the variances from the aforesaid intentions. An effort will then be made to isolate factors that have contributed to these variances, and, finally, the general observations of this study will be briefly related to those made in a previous study of the GDA in New Brunswick.

6.1 General Intentions

Senior management of DREE undertook to describe formally how the process for the generation of subagreements ought to evolve under the GDA approach. For the purposes of this study, a distinction has been made between the cognitive and coordinating processes found in this description.

Regarding cognitive processes, the Department anticipated that each agreement would be supported by a comprehensive analysis. This
analysis was described in the following terms:

- **Background:** including an outline of relevant economic and social circumstances and identification of the need for policy action.
- **Objectives:** focusing on anticipated benefits, how they relate to other goals of the government and how they link with needs assessments.
- **Strategy:** detailing how the objectives are to be accomplished; this was to include a precise description of program elements with details on the extent of job creation, support to other job-creating activities, impact on urbanization and quality of life, impact on the environment and the extent to which added municipal or provincial expenditures would be created.
- **Other government policy:** examining the policies of provincial governments that touch upon the issues under consideration.
- **Regional and national implications:** determining how the policy would impact upon economic and social conditions and whether the policy was properly integrated with other objectives being pursued.
- **Interdepartmental considerations:** examining the degree to which policy is integrated with past, present or anticipated measures elsewhere in the federal system, and the best means of obtaining the participation of other departments.

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Detailed costs and benefits: assessing the overall direct and indirect costs to the public sector, combined with direct and indirect benefits extending over the duration of the planned agreement.

This detailed and comprehensive package was to be the product of a project team established after the concept for the agreement had been accepted. The team would involve the relevant province, other federal departments and the private sector if appropriate. The joint detailed analysis was to benefit from input from a wide range of interests, both political and economic.

The analytical perspective was clearly to extend across the region, across other federal and provincial departments, was to extend both backward and forward in time and was to be subjected to a careful evaluation. Each year, Ministers were to receive an analysis of the progress made under the policy in terms of effectiveness in achieving objectives and the continued relevance of the objectives themselves. The precise methodology for evaluation was to be jointly agreed to and planned for prior to the signing of any agreement.

These formalized intentions identified as cognitive processes were supported by senior officials in the rhetoric that was exchanged between governments and departments. One ADM suggested that "DREE will only support initiatives when they are consistent with the Department's socio-economic regional development objectives." The two most senior officials in the Department stressed that the subagreements were to

2 Memorandum, Collinson to Bilodeau, October 21, 1976.
provide definitive answers through a complete analysis, which meant a regional and national perspective and a full integration of policy within the federal system. It also meant a continuous and selective scanning of the provincial, regional and national economy for issues that needed more careful attention. The scanning was expected to anticipate issues and then prioritize them as they arose.

In total, the anticipated processes emphasized the synoptic and mixed scanning elements. DREE was to participate in a very detailed assessment of policy and to exercise some independent judgement of costs and benefits and how each policy would fit into overall federal activities.

In terms of coordinating processes, it was clear that the departmental headquarters intended to play a major coordinating role in policy development. This intended role was evident in work programs which set the following objectives:

- to maintain a national framework for development initiatives;
- to assist the regional offices in the identification and pursuit of development opportunities;
- to analyze the interdependence between regions and their relationship to the national and international economic and commercial environment; and
- to determine the regional impact of federal policies.

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3 Interviews with DREE officials, Appendix D, No. 1, 4.
The Department recognized that in order to have a control over coordination, an understanding of sophisticated interrelationships was necessary, including those with and between the provincial offices and those with other federal departments (OGDs). As the intended focus for inter- and intra-departmental coordination, 'Ottawa' established a Liaison Division with a mandate "to examine in a comprehensive fashion the major policy and administrative inter-relationships to see how coordination can be enhanced."\(^5\) The expectation was that close working relationships would be established with OGDs and provincial offices at every stage in the development and management of agreements. The anticipated procedures for formulating agreements were formalized and circulated to provincial offices. These procedures are set out in a flow chart which is included in Section 6.3.2 of this chapter.

The anticipated role and involvement of DREE senior management and OGDs was to assure that negotiations with the provinces began from a strong federal base. In fact, it was only after officials had the direct approval of the Minister that advanced negotiations were to be initiated. Thus, bargaining was to be pursued under the aegis of a direct federal political mandate and under the direction of a senior official removed from the province. From this strong bargaining position, federal priorities could then enter the provincial planning process in areas that were constitutionally unclear or even within provincial jurisdiction.

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\(^5\) Memorandum, Deputy Minister to ADMs/DGs, December 18, 1975.
There were other ways as well in which headquarters showed its intention to influence coordination. Each agreement was to proceed through the rigors of a full Treasury Board, and often Cabinet, submission. This gave agreements a high political profile within the Department and within the federal system. Amendments to agreements were also expected to come before the Minister for signature and, if they involved revisions to funding, before the Treasury Board.

There was also the central influence over financial resources. Ottawa, through the DREE office and Treasury Board, expected to control the resources available to any one policy area, and to control the level of total departmental activity in a province by making notional allocations of money to each province. The Department did not want to publ icize the allocations in order to preserve the federal bargaining position.\(^6\)

The images which are suggested by the documents and by senior officials are of a policy process characterized not only by comprehensive analysis but also by a precise sense of direction and control through the Ottawa and Regional Offices. Headquarters was conscious of the importance of a strong federal bargaining position in the negotiations with the provinces, a position based upon a detailed and deliberate federal strategy. The processes did not, however, function exactly as intended. The discussion which follows in the next two sections examines those areas where practice departed from intentions.

6.2. Examining the Cognitive Dimension of the Observed Policy-Making Process

6.2.1 Synoptic Analysis

The point has already been made that, based on separate provincial experiences, the analysis supporting the subagreements could not be viewed as comprehensive. The issue to be examined here is whether, after integrating the provincial, regional and 'Ottawa' experiences, the same conclusion can be drawn.

One of the essential elements of a synoptic approach is the linkage of policies such that impacts and interdependencies are known and are clearly integrated into new policy measures. While it was observed by policy-makers that there exists an interdependence between sectoral and regional development policy, this interdependence was rarely explored. As an example, in 1975 senior management called for closer linkages between DREE and Consumer and Corporate Affairs (CCA) on the basis that "competition policy does have a very direct interface with regional development policies." The industry-specific development plans of DREE had implications for competition policy through an impact on the structure, conduct and performance of Canadian industry. The trade-off between efficiency and the economic/social development of the regions was an obvious policy issue. However, neither this issue nor the DREE/CCA linkage were ever developed much beyond this stage of acknowledgement.

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Other important policy areas included regulatory, transportation, compensation, manpower, social security and industrial policy. Questions that went largely unanswered included: how could changes in regulatory policies influence industrial output and efficiency; how could pricing policies in transportation encourage efficiency and capital investment in the region; to which extent could greater regional wage differentials serve to promote regional growth; how do labour and employment incentives impact on regional and national output; what industrial adjustments must be made to sustain, let alone enhance, the economic activity in regions.

In some sectors, there were, and continue to be, interprovincial linkages that must not be ignored. Forestry, metals, agriculture and fisheries are examples where incentives to development in one province can result in competitive over-exploitation of a shared resource; or one province may suffer a loss of production (jobs and income) if compensatory incentives are not offered to producers in that province. Sectors characterized by shared resources or fixed markets thus demand an analysis of extra-provincial impacts.

These spatial and sectoral interrelationships were not analyzed as a matter of priority. There was "an analytical preoccupation with short term issues." Analysts felt that effort was "spread out over too many issues, thereby thwarting substantive outputs."\(^9\) Analysis.

\(^8\) A general discussion of these policy areas can be found in "The GDA System and Regional Development," \textit{op. cit.}

\(^9\) Notes from Senior Analysts Meeting, Ottawa, February 2, 1977.

was done largely to justify a policy before the eyes of senior management. For example, if a negative reaction could be anticipated, policy had to be supported with a "well-documented rationale on the benefit side." Opposition generated more intensive analysis, but opposition was not something which DREE eagerly sought. In fact, one of the functions of analysis was first to seek out and then build support of what was viewed as the 'political will'.

The only organized source of opposition was other federal departments (OGDs). (Policies opposed by the provinces simply did not go beyond the preliminary analysis stage.) These other departments did not have the time, the data, or the interest to mount an aggressive early campaign against policy which had the backing of DREE and at least one province. This issue will be raised again in the context of the broader discussion of coordinating processes.

The early planning agreements were expected to focus on the interrelationships between policies. However, the Department observed that these agreements were generally "disappointing in terms of providing a continuing strategic framework for GDA programming." The planning component was never able to integrate the agreements, sectorially or spatially, within or between regions. As evidence to this, one DREE ADM reported that "with over one hundred sub-agreements, it was not clear that the salient characteristics of new agreements were being

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11 Notes from Management Board Meeting, Ottawa, October 24, 1974. Also, this view was widely supported in interviews with officials noted in Appendix D.

12 "The GDA System and Regional Development," op. cit.
related in any sort of framework to past or current plans. This was also an admission that the administration of planning and coordination had been inadequate. Officials conceded that DREE had no good appreciation of whether policy measures had been sensible, from the federal point of view, in the absence of any pre-conceived design. Analysis was done without the benefit of knowing what the development policies of the federal system generally were. DREE also chose not to consider in any depth the policy alternatives which may have existed.

The alternatives presented to senior management were of the 'go, no-go' variety, and only one primary option was presented to the Minister. By the time policy measures reached senior management, they had provincial government endorsement. Any effort to weed out alternative approaches was done at a very preliminary stage. Had this not been the case, options presented to the federal Cabinet, for example, would have removed a very significant element of decision-making from the DREE provincial office. Thus, there tended to be fewer and fewer alternatives available as formulation proceeded and as policy worked its way through the system.

Another instance of deficiency in the level of analysis occurred in respect of policy evaluation. Evaluation is here considered as the examination of policy impacts, either before or after the fact, to determine if intended objectives could be or had been met. Each subagreement contained clauses that obligated DREE and the province to "jointly effect an evaluation of the development opportunity with regard to the stated

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13 Memorandum, Daniels to Love, June 14, 1979.

14 Interviews with DREE officials, Appendix-D, Nos. 5 and 10.
objectives...with annual progress reports...submitted to the Ministers."15
Not only was this obligation viewed as of minor importance, but also
the results of evaluation were never consciously made part of the
policy process.

In May 1979, the federal Comptroller General in his report on
Regional Economic Expansion reported the following inadequacies respecting evaluation:

- lack of management criteria to permit monitoring of actual
  with expected results;
- very limited performance information on subagreements;
- no mechanisms to ensure that knowledge gained from
  evaluations was brought to bear on subsequent policy; and
- no general distribution of evaluations that did occur.

One of the reasons for these deficiencies was the confusion over
evaluation responsibility. This responsibility was seen as belonging to
the Regional Office.16 However, it was a provincial office responsibility
to see that evaluations were actually conducted. (It has been noted
earlier that one DG emphasized the distinction between seeing that
evaluations were conducted and actually conducting them.) No office was
clearly given both the authority and the responsibility. By 1978, the
Executive Committee in the Western Region admitted that evaluations were
"just not being done" and that this was "the kind of work we should set
in motion."17

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16 Minutes of Executive Committee Meeting, November 1, 1974.
17 Minutes of Executive Committee Meeting, January 4, 1978.
The interest in evaluation was never sufficiently high to make the required organizational commitments. One official in fact suggested "there is an overt resistance to review."\textsuperscript{18} Once a policy had been agreed upon, policy-makers turned their attention elsewhere; there was very little follow-up on implementation and certainly no real system for post-signing analysis. Headquarters had no direct role in evaluation, and did not demonstrate any interest.\textsuperscript{19} Evaluation was an important analytical exercise which received very little direction, had few expectations and no audience within the Department.

The general, overall lack of rigour did not go unnoticed by Treasury Board Ministers. In early 1978, the DREE Deputy was asked for a description of DREE strategy for each province and region because "TB Ministers have difficulty in placing DREE agreements in the broader context of DREE commitments across Canada."\textsuperscript{20} The frustration with the analytical work in support of agreements reached a point by 1979 where Treasury Board directed that "all future DREE Sub-Agreement submissions must present comprehensive and detailed cost estimates sufficient to permit the Board to assess the feasibility of the proposed use of the required federal funds."\textsuperscript{21} The content and the analytical process associated with subagreements were not areas in which the 'Ottawa' system or DREE headquarters played much of a role.

\textsuperscript{18} Interviews with DREE officials, Appendix D, No. 23.

\textsuperscript{19} Reported at Development and Analysis Meeting, Victoria, April 5/6, 1978.

\textsuperscript{20} Letter, TB Secretary to Love, March 15, 1978.

\textsuperscript{21} Treasury Board Minute 764988-1, October 10, 1979.
'Ottawa' staff below the Deputy generally never saw submissions coming from provincial DREE offices; these went directly to the Deputy and on to Treasury Board. The Director General in charge of analysis suggested: "The analytical role of headquarters is irrelevant to the process. You could say on the whole that there was not as rigorous quality control on the analytical side as there might have been." This was attributed to the fact that headquarters had no scalar or hierarchical link with the regions or the provincial offices.

It was only after numerous agreements were signed in the same area that 'Ottawa' recognized that a national approach might have been appropriate. Strategies to provide a true federal overlay were purposely avoided according to a senior ADM. The Department wanted to avoid "laying on the solution" and then inviting the provinces to participate. Rather, the process of negotiation with the provinces deliberately discouraged federal preconceptions or priorities. Neither did the process encourage regional strategies. Officials viewed regional coordination as time-consuming and even leading to paralysis if policies had to be fitted into regional strategies. In a system demanding action, it was easy to understand why broad linkages were never studied and explicitly made part of policy agreements.

Any headquarters analysis was essentially reactive; if policy alternatives had been generated, these were dealt with much earlier in the process. Headquarters was not doing analysis of a type or quality that allowed real policy breakthroughs. Optimizing the regional or

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22 Interviews with DREE-officials, Appendix D, No. 2.
national opportunity from particular agreements was very much secondary to maximizing the provincial opportunity. Again, this was easy to understand since the GDAs themselves were promoted as a means of addressing provincial development opportunities, and the provinces did their best to compete for these opportunities.

It can be said then in considering synoptic processes at each level in the Department that substantial shortcomings existed in areas that were fundamentally important. The depth and breadth of analysis conducted by DREE were constrained, the participation in analytical activity was limited to provincial office staff, and the rationale for analytical work related more to finding saleable initiatives rather than definitive answers.

Policy alternatives were not present in any effective sense; objective information was not being generated upon which policy decisions could be based; time and resource constraints were pressures which limited information gathering and analysis; policies were not considered in their aggregate impacts; and overall, policy-makers could not come to a full awareness and understanding of the issues before them.

6.2.2 Mixed-Scanning

DREE was considered as a federal department with one of the best records for regularly scanning the policy horizon and identifying development opportunities and constraints. The main instruments for this work were the economic overview papers beginning in 1973 and

23 Interview with DREE officials, Appendix D, No. 25.
continuing until 1979. Major reviews were prepared annually and had as their main theme a review of economic circumstances and medium term prospects in each of the provinces and Regions. These review papers were combined with other mechanisms that effectively provided a scanning function. The mechanisms included the Annual GDA meetings, the reports on Forecast of Major Decisions and the Review of Major Issues reports. Each of these were aimed at serving the needs of senior management and the Minister for a review of progress or advance warning of anticipated issues.

Senior officials in Ottawa viewed the scanning exercise with a good deal of favour. Officials in provincial offices were much more critical of their worth and relevance for the policy process. From the headquarters viewpoint, the economic review papers allowed DREE a global perspective not available to OGDs, they introduced management to inter-regional and international issues that needed attention, and they formed the basis for prioritizing policies across the country.24

The overviews also had other purposes that were not as well connected to the analytical needs of the Department. The overviews were seen as a means of establishing credibility with other departments and for giving DREE an information (i.e., negotiating) edge over them. They were also seen as a key means of briefing the Minister in advance of the expected annual meetings with his provincial counterparts.

24 Interviews with DREE officials, Appendix D, Nos. 1, 3; and notes from Management and Executive Committee meetings, October 24, 1974, August 19, 1975, June 14, 1978.
In line with this briefing function, the main criteria for highlighting any particular issue were political visibility (i.e., whether the issues were expected to appear on the political agenda) and a "quiescent estimate of importance" (i.e., a feel for the issues that were significant). In effect, the scanning work did not have an operational rationale: the overviews were not instruments for reinforcing rationalization or for identifying where efficiency gains and integration were possible. Rather, they had political motives and a political audience. Their relationship to the policy process, represented by subagreements, was indirect. While they were not an integral part of any one subagreement, they were background material to most.

6.2.3 Incrementalism

It has been pointed out that analytical processes were not comprehensive in most respects, but this of course is not a sufficiently precise characterization. In assessing the extent to which processes were incremental, it is instructive to look first at the uses made of analysis.

One of the important purposes of analysis was to attract support for the Department's policies. Officials had to be able to explain the "why" of policy before senior management, Treasury Board and often Cabinet. The more analysis of the issue in terms of background information and the more questions that were anticipated, the easier the explanation was thought to become. In effect, analysis gave the

25 Interviews with DREE officials, Appendix D, Nos. 1, 2, 16 and 18.
Department greater authority with OGDs in particular. Analysis was perceived as a means of buttressing the suggestive mandate of the Department. In this respect, the work was used to support decisions and not to determine through an iterative process which were the best decisions to make. Since policy was originally conceived around provincial priorities, the task was to justify those priorities in the federal system. Actually testing the worth of the priorities was not a subject of analysis.

Another purpose closely related to supporting the Department was analysis in support of the political will. Officials were highly sensitive to what was politically saleable, both with provincial and federal ministers. In most cases, a provincial political commitment was already built into the policy proposals from provincial officials. Officials confirmed that it was the politically expedient opportunities that found their way into policy; agreements were not comprehensive but reflected the political-economic interests of the day. There were exceptions of course where analysis was used to temper enthusiasm in cases where the political will had not been firmly established, or where there was some political debate on an issue. These exceptions, however, served to confirm that analysis was in part a "neat little weapon" and an argumentative tool; it played a negative role and was not used to spirit enthusiasm for a policy initiative.

26 Interviews with DREE officials, Appendix D, No. 1.
27 Interviews with DREE officials, Appendix D, No. 3.
As a tool, analysis was viewed and used as only a part of the policy process: to help establish a position, to justify the request for resources or to underline the need for a particular policy. There did not seem to be enough confidence in analytical capabilities to use analysis more extensively. This was evident in a response to Treasury Board pressure on DREE to improve the identification of criteria for policy decisions. The response was that "the identification of a set of criteria is not hard, but to put a value on each element is extremely difficult and highly judgemental. To develop an equation to justify funding a particular program is impossible." 28 Officials held the view that much of the subagreement process was a matter of intuitive logic, a matter of reliance on feeling and judgement as much as analysis.

The aforenoted perceptions of analysis and the uses to which it was put left the Department groping for answers to some very basic questions, questions of primordial importance to regional development policy and questions that were never answered. 29 For example:

- With which regions should the federal government be concerned?
- Should the primary policy objective be national economic efficiency, or should it be a more suitable distribution of economic activity?
- Is industrial diversification in peripheral regions really a worthwhile objective?

29 Memorandum, Clark to Husband, November 5, 1975.
- Should greater emphasis be placed on the fastest growing sectors?

These were questions that went to the very heart of regional policy, and their answers might well have set altogether new directions for the Department. In order to find the answers to such elemental questions of policy, the Department would have had to overcome notions of classical incrementalism as expressed by Senior officials. However, analysis was not seen as something capable of determining optimum solutions. Through various phases, including subsequent agreements and amendments, the policy toward any particular sector would eventually become clear.

Officials also attached a great deal of importance to flexibility. This flexibility was widely in evidence. It was a regular practice, for instance, to shift resources between the elements of policy after agreements had been signed. In addition, officials had discretion over the level of resources devoted to a particular agreement in any one year. These provisions, made in the interests of effectiveness, provided policy discretion in respect of downgrading certain aspects of policy and upgrading or adding others.

Such flexibility was viewed as essential because of the very complex and uncertain environment. Policy work had to emphasize the practical and the feasible, not the theoretical. Issues had to be reduced to concrete terms, to dollars and cents and to projects as soon as possible in the process. Often, there seemed to be no time to work out the policy before individual projects were determined. In this

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30 Memorandum, MacNaught to DOs (West), May 16, 1974.
environment, it was understandable how officials could claim that "we program on impressions, where we think we can do some good. Visibility and impact are important criteria for policy."

If mistakes were made, it was hoped that they be caught elsewhere in the system or even by the public. Some senior officials put forth the naive notion that the mere publication of GDAs and subagreements would allow public scrutiny and would thus contribute to an objective evaluation of policy.

Officials were quick to determine how best to function in this environment. As pointed out previously, success depended upon an assessment of the political will. Not that political pressure was a key feature in specific initiatives, but rather the approval process was made easier if proposals were in line with political thinking. Political thinking tended to highlight the needs since there was no rigorous needs assessment undertaken by officials. Often, needs were determined by what DREE was doing elsewhere in the country. Agreements in both tourism and forestry, for example, quickly spread across the country based on this logic.

These highly incremental cognitive processes were reflected in comments made by DREE officials. They asserted that policy tended to reflect previous activity rather than a detailed analysis of regional or sectoral circumstances. Once needs were established, a brief analysis would then narrow attention down to specific projects. Officials could

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31 Interviews with DREE officials, Appendix D, No. 10.
32 Memorandum, Mackay to MacNaught, July 17, 1979.
justify this partial analysis based on the view that "change is continuous and marginal, complex and confusing; we don't very often have real significant bends in our trends induced by policy changes." Incrementalism thus came to dominate the policy process. Officials placed emphasis on coping with issues rather than solving them; political feasibility was a prior consideration to pure logic in policy formulation; DREE policy-makers were essentially responsive to initiatives conceived elsewhere; timeliness of decisions was of utmost importance; checks and balances were seen to exist elsewhere in the system to deal with possible oversights; explicit attempts were made to limit alternatives; and policy overall took on a partial and remedial character.

6.3 Examining the Coordinating Dimension of the Observed Policy-Making Process

6.3.1 Central Control

Turning now to consider the coordinating dimension, numerous central control processes were applied in both provinces studied. Two senior committees were established and generally met on a monthly basis: a Management Committee (ADM's and DM) met in Ottawa; and an Executive Committee (regional ADM and DGs) met in each respective Region. An analysis of the agendas for both committees over five years revealed the substance of discussions to be primarily administrative. Issues which tended to dominate included considerations of inter- and intra-regional transfer of money, public information issues, reviews of

33 Interviews with DREE officials, Appendix D, No. 2.
activity in each province and region and reviews of procedures for developing and evaluating agreements. There were no formal records of decisions taken, largely because the committees were forums for exchanging information, not for obtaining mutual guidance or making decisions. Moreover, subagreements were not part of the regular agenda of either committee. This made them largely irrelevant to the policy process and only a passive instrument for meeting policy coordination needs.

Another instrument that became largely irrelevant was the computerized Project Formulation Management Information System (PFMIS). Begun in 1974, this system was to provide a tracking service to senior management of policy-in-progress and was one of a series of reporting mechanisms available to enable managers to intervene and direct the policy process at its earliest stages. Major problems were encountered in getting accurate and timely data into the computer and in distilling the relevant information. An assessment in 1980 of the worth of the PFMIS noted that it was cumbersome, expensive, had only become fully operational in the Atlantic Region and had effectively been scrapped in 1977.34

The PFMIS was run alongside with a duplicate system, prepared manually, which produced a "Bi-weekly Report on Developing Initiatives". The stage of development of particular initiatives along with any sensitive issues were to be highlighted in these reports. The problem was that the Department also tried to meet the demand of informing OGDs through these same reports with the result that sensitive issues simply

34 Memorandum, Reid to Montreuil, September 22, 1980.
did not appear in them (often the cause of the sensitivity was another federal department). The DM eventually concluded that these reports were not as effective as intended.\(^{35}\)

Aside from the senior committees and information systems, the Department had Senior Analysts meetings in the Regions under the direction of 'Ottawa' staff. The meetings were to serve as a discussion forum for raising troublesome questions, for integrating research programs and for seeking guidance and assistance from headquarters. The meetings were held sporadically and were not attended by the same people on a regular basis. They were halted in 1976, limiting any beneficial impacts on coordination.

With formal central mechanisms for control and influence either ineffective or abandoned, officials in Ottawa were left to rely upon informal mechanisms. Principal among these were the contacts that staff maintained in Ottawa as they moved to the provinces in 1974; another was the personalized management style of the then Deputy Minister, Doug Love. These mechanisms, however, were not fully effective, and by 1980 officials were concerned that any attempts at policy coordination from the center had collapsed, as evidenced in the remark: "there is a serious lack of a system making it increasingly difficult for the Department to know what it is doing."\(^{36}\)

\(^{35}\) Memorandum, Montreuil to ADMs, June 19, 1979.

\(^{36}\) Interviews with DREE officials, Appendix D, No.2; see also Nos. 10, 16, 17, 18, 21 and 25.
The question arises, what accounted for the anemic control processes in headquarters and the regional office? These processes ran into difficulty very early in the GDA experience. One of the main reasons was the sheer volume of activity in the early period. Senior management expressed concern in early 1974 that "when one looks at the number of sub-agreements to come on line, the system cannot cope - there are not enough people to consult with OGDs and so on." 37 The situation had not eased by fall of 1975 when the DM feared an "out of control" situation. 38 With a massive transfer of personnel to the field, headquarters simply could not respond to administrative demands and still exert effective influence over policy development.

Another reason for lack of control was the fact that much of policy was determined at the implementation phase, and by 1976 headquarters had virtually no influence over this phase apart from the control over expected amendments to agreements. Agreements drawn to 1975 required ministerial approval of amendments (changes in projects and costs or allocation of funds between programs). It was argued successfully by the DGs that having to obtain the signature of the Minister for these "technical amendments" was wasteful of his time, resulted in delay and did not facilitate changes in planning required over the term of agreements. Once headquarters lost the purview over the implementation phase, a major link in the policy process was removed.

37 Notes of Management Committee meeting, April 4, 1974.
38 Notes of Management Committee meeting, August 19, 1975.
There was also one organizational fact that should not be overlooked. There was no effective hierarchical linkage between headquarters and the regional or provincial offices. Each Region had an ADM reporting directly to the Deputy. Regularly, the ADM (Planning and Coordinating) was by-passed in the routing of policy material and thus, even though a coordination mandate remained with the ADM, there appeared to be no coincident authority to make the mandate meaningful. This unenforceable mandate may have been one reason behind the minimum effort made to exercise a coordinating role. In spite of the claim by senior managers that interregional coordination was actively undertaken through headquarters, there was no evidence of output that ultimately had an impact on policy. This was the conclusion of several officials in the field with observations that headquarters was involved only in scrutinizing the wording in agreements and not in the integration of one agreement with another. As noted earlier, it was only after numerous similar agreements had been signed that 'Ottawa' did sense that a national pattern was developing—and then nothing in particular was done in response.

There seemed to be an additional issue which undermined the headquarters role. Senior officials felt that the need for coordination was never very great where the effects of a subagreement were internal to a province, and this was held to be the case with most agreements. However, the level of analysis done on agreements did not permit anyone, least of all 'Ottawa' officials, to know just what the interprovincial and interregional impacts were. The analysis, with very few exceptions, did not extend beyond provincial borders. Moreover, the general interest and participation by headquarters in regional/provincial office affairs
declined over the course of the GDA approach. After 1975-76, Ottawa-based senior analysts and the ADM discontinued attending the meetings held with OGDs and senior DREE staff in the Regions. There eventually was no forum for regular contact between provincial DGs/senior officers and headquarters. Thus, it was not surprising that 'Ottawa' found it difficult to influence activity.

There were some prospects for influence to occur through the 'Ottawa' system more generally, principally through the Treasury Board (TB). There was evidence of TB trying to influence coordination, resource management and even policy priorities. However, the influence was sporadic and not viewed as significant, since it occurred either very late in the policy process or after-the-fact. One of the factors contributing to this lack of influence was the inadequate monitoring done by TB of the objectives undertaken by the Department. While, for example, TB directives covered such topics as interdépartemental consultation, there was no monitoring of the nature or extent of contacts; and on larger policy issues. TB pressure on DREE to establish objectives within policy areas was largely ignored.  

Aside from the 'Ottawa' system, there was one other possibility for hierarchical control: the Regional Office. One of the means available for a coordinating influence was through analytical work which might link sectoral with regional policy. However, the research work concentrated on data base studies (settlement patterns, industrial and manpower statistics), on longer term economic projections and on

39 Interviews with DREE officials, Appendix D, No. 8.
responding to ad hoc requests for information. There was very little involvement in specific tasks related to subagreements such as defining needs, objectives or policy strategies. Concerning a more direct role in coordination, the Regional Office might have attempted to bring OGDs more into the process, but direct discussions with OGDs were rarely undertaken. It was preferred that such contact be left to the provincial offices.\textsuperscript{40}

It should be noted that the overall lack of influence and direction from headquarters and the Regional Office was also due to barriers set up by provincial office officials themselves. The Directors General did not place a priority on introducing other DREE officials to activity in their respective provinces, due in part to the reluctance by the provincial governments to having information widely shared; also, there was competition regarding resources between the DGs, and there was fear too that involving others inevitably slowed the policy process.

It was clear that central direction of coordinating processes was not evident on any regular basis respecting activity that related directly to policy development. There was no single active source of direction; there was no one element of the Department which set about to adapt policies to one another; and there was no real effort to seek out and identify the collective good. The main influence from the center was on ensuring consistency in the paper flow to central agencies.

\textsuperscript{40}Interviews with DREE officials, Appendix D, No. 22.
6.3.2 Procedures

There was considerable effort to outline procedures covering policy formulation, especially coordination with senior management and OGDs. In 1973 a highly detailed flow chart was drafted under the title "Procedures for Developing Subsidiary Agreements - Provincial Office." The flow chart depicted the expected reporting relationships, the sequence of policy development, the approval centers and the coordinating activity that would enroll OGDs and provincial governments in the process. There were five main stages: preliminary analysis, detailed analysis, policy formulation, agreement negotiation and agreement conclusion.

From the chart, it would be assumed that senior management was integrally involved in directing the process, that OGDs were involved before any detailed analysis was done, that a coordinator was assigned to each agreement and that DREE initiated the policy and effectively controlled its evolution. As seen in the earlier analysis of specific agreements, these assumptions could not at all be supported in fact. Senior management was effectively a responsive observer of the process; OGDs were involved late in the evolution of policy and generally after DREE and the province had agreed on its structure; there was no designated coordinator; and most initiatives emerged from provincial governments which were instrumental in directing how policy evolved.

The lack correlation between the formal procedures and the actual process appeared to have arisen through several factors. One was that

41 The flow chart on the following page is reproduced with minor graphical modifications for purposes of clarification.
the uppermost rationale for procedures was not to enhance coordination or improve analysis. It was rather to establish an audit trail, to meet the managerial requirements of accountability, to help ensure consistency, to provide information to senior management on policy issues and activity, and to have some tangible evidence showing that the Department was serious about coordination. 42 Some procedures, in fact, actually reduced the chances for a synoptic, well coordinated view of policy. Guidelines for submissions to Treasury Board, for example, encouraged: 43

- the briefest possible proposals with remarks limited to less than two pages;
- that the rationale for submissions not appear in the proposal but be relegated to appendices;
- that actual costs need not be known but could be approximated; and
- very detailed information on authorities under which the proposal was submitted (i.e., Act, regulation, agreement, Cabinet decision, etc.).

All of the procedural obligations seemed to rest with the provincial offices; the procedures did not encourage a two-way flow of information. There were no provisions, for example, covering the preparation and distribution of analyses from headquarters or from regional offices. There was even evidence that headquarters officials were unaware of what

42 Interviews with DREE officials, Appendix D, Nos. 5 and 18.
43 Memorandum prepared by DREE senior ADM, September 1975.
procedures were actually being followed, or whether procedures were reviewed for compliance or for their continued relevance. Under these influences, it was not difficult to see how field officers might conclude that procedures could be treated casually and how formal procedures, except those dealing with legal/administrative detail, could be largely ignored. **44** Officials felt that the best they could do was to honor the intent of the guidelines.

6.3.3 Bargaining

The dominant relationship under the GDA approach tended to be between the provincial government and the provincial DREE office. To the extent that bargaining was conducted on subagreements, it was done on the federal side through the Director General or his senior staff. The bargaining position of any DREE officials outside the province was untenable. They lacked provincial contacts and information on the background to policy proposals, on provincial expectations and on the nature of the policy itself. The authority and the mandate of regional executives and the ADM could not be exercised without access to the right people and the right information. These officials also lacked credibility as being outside the province and without an understanding and sympathy with provincial objectives. There was also the perception that provincial DREE

**44** There was some evidence, supported by officials' remarks, that procedures were followed more in earlier agreements because of the high volume of activity and the fact that officials did not yet know how to avoid them. Yet, there was certainly nothing to suggest that these same agreements were better coordinated or had a more synoptic perspective. The conclusion is thereby reinforced that the procedures were to facilitate the flow of policy, not to serve as an assurance of improved coordination or synoptic analysis.
offices were in competition with one another over resources, the volume
and type of agreements signed and even over the credibility of each
office. Since the Regional Office was expected to manage this com-
petition, the ADM would have jeopardized his role as the arbitor between
provincial offices if he would have engaged in federal-provincial negoti-
ations in support of any one DREE office.

DREE also did not establish any long term negotiating linkages
with other federal departments. Provincial DREE officials were able to
dominate OGDs as a result of being the focus of federal bargaining. DREE
obtained this role because the GDA was seen essentially as a DREE instru-
ment and because DREE field management were generally in higher job
classifications than was the case with OGDs.

In late 1974 and early 1975, DREE held meetings in Ottawa with
OGDs to brief them on DREE policies, instruments, organization and co-
ordinating arrangements. The meetings were called because OGDs had been
slow in responding to requests for comments and information, and they
were called to deal with the concern that other departments were being
consulted too late or insufficiently. DREE officials reported that
OGDs were interested in keeping policy discussions focused in their
Ottawa senior management. This was understandable since field offices
had a limited role in policy making. The problem was of course that DREE
in Ottawa was not the appropriate level to be discussing the emerging
policy initiatives; these were being formulated at the field level.

45 Interviews with DREE officials, Appendix D, Nos. 6 and 9.
46 Memorandum, Daniels to Love, December 10, 1974.
Thus, there was a fundamental discontinuity between DREE and OGDs respecting the operating level to which policy making was assigned. This discontinuity left OGDs at the provincial level unable to speak authoritatively on policy and unable to bargain effectively with the province or DREE.

DREE officials then were maneuvered, or maneuvered themselves, into the key federal bargaining role with the province. One of the consequences was that bargaining did not become an effective policy coordinating mechanism on the federal side. The relationships were either too superficial or not sufficiently focused on policy to allow an integration. In Saskatchewan, there was a good deal of OGD financial participation, but it is argued here that the participation was not the result of policy bargaining. Rather, the policy was settled between the province and DREE, and the OGDs were invited to participate. Ironically, this success in preserving the exclusive lead in negotiations with the provincial governments also helped to make DREE the target for domination by these governments.

The unequal bargaining position between DREE and the provinces was the result of several factors. One was that DREE could not offer a strong, clear and unequivocal position on federal objectives and/or strategies. This was simply because none was ever specified respecting either regional development or any particular province. The GDAs were promoted as a means for dealing with provincial, not federal, development priorities. DREE was immediately put into a responsive bargaining mode and was unable to pose alternative approaches that were persuasive in their integration. The GDAs became pipelines for provincial
priorities into the federal system. An analogy was drawn pointing out that "there is a perception in Ottawa that DREE is a provincial Trojan Horse within the federal body politic." 47

Another factor favoring the provincial governments was the extent to which the credibility and influence of DREE within the 'Ottawa' system depended on establishing a productive link with the provinces, i.e., success in signing subsidiary agreements. DREE was concerned with avoiding controversy and fashioning a smooth relationship with the provinces, not with promoting a firm federal stance on policy. In other words, DREE certainly needed the provinces as much as they needed DREE.

One other important factor was the strength given to the provincial bargaining position as a result of the close association the bargainers had with political authority. On the federal side, the political involvement was sporadic and had no more of a strategic component to it than did the involvement of DREE officials. It was at the signing of agreements or in the context of elections that federal ministers showed their greatest interest. The DREE Minister was not involved consistently at the same stage in the evolution of policy, and it was very often only at the end of the process, when policy had an inertia of its own, that political interest was shown.

It is critically important to note that the DREE Minister, or federal ministers generally, were not deliberately excluded from the process. The fault tended to lie with federal politicians who did not choose to participate as they might have under the GDA approach. (This point will be elaborated upon later.)

47 Interviews with DREE officials, Appendix D, No. 2.
The foregoing bargaining relationships meant that DREE became the dominant federal spokesman under the GDA to the exclusion of OGDs. In turn, this DREE-provincial alliance was dominated by the provincial governments. The domination occurred not only in the sense that it was the political priorities of the province that emerged as policy (this was surely expected in the way the GDA was "sold" to provincial governments), but, more importantly, DREE was unable to influence provincial priorities such that a linkage might occur with other DREE activity or other federal activities on regional development.

The domination by the province of the bargaining process meant that basic elements of policy were not subjected to the sort of bargaining from which a compromise position might emerge. Bargaining did not occur along the proposal-response-reproposal model. Rather, it saw DREE responding and adjusting to provincial positions without being able to reply with a coherent alternative that was part of a more global federal strategy. DREE could not pursue active and positive coordination. As one official put it, there was a great deal of freedom of movement at the provincial level but no knowledge as to whether that movement was consistent; there was only the assumption that things would fit.\footnote{Interviews with DREE officials, Appendix D, Nos. 10, 16.} DREE fell into a passive coordinating mode with the ineffectiveness of central control and procedures. DREE provincial offices needed a reference, an authority, beyond provincial boundaries in order to pursue an active role in integrating policy. As central control and procedures fell into disuse, two major coordinating processes were foresaken by provincial DREE officials. This left bargaining processes as the main mechanism.
6.4 Factors impacting on the Policy Process

To this point in the study, the process of formulating regional development policy has been examined as it occurred under the GDA approach in Saskatchewan and British Columbia. Also, an overview was provided which discussed the common themes, relevant to this study, emerging from the experience in these provincial settings. Now, it is appropriate to examine the factors which contributed to the shaping of these common themes. Since the study is concerned with federal policy processes, the focus of this section will be on factors that had an influence on these processes.

6.4.1 Federal Political Influence

It has been contended that the GDA approach lacked federal political leadership, partly resulting from a highly bureaucratized process, which either by-passed early ministerial involvement or was so tangled in procedures as to discourage any political intervention.\textsuperscript{49} Premier Bennett of British Columbia referred to the "standard DREE-type approach" as one dominated by officials without the prior opportunity of ministerial level discussions.\textsuperscript{50}

It can also be argued that it was by default that officials came to dominate the GDA process. Ministers had the opportunity to use the Annual GDA ministerial meetings as a review-of-progress and for general

\textsuperscript{49}DREE Ministers were traditionally from Quebec or the Maritimes, and this may also have influenced their interest in western development.

\textsuperscript{50}Letter, Bennett to Trudeau, October 12, 1976.
direction-setting. Meetings, however, were not held until 1978 in British Columbia and were cancelled after 1978 in Saskatchewan. When the meetings were held, federal ministers chose to listen to provincial concerns and expectations, without suggesting what expectations the federal system itself might have of the GDA.

On individual policy agreements, even though the successive DREE Ministers did not direct the process, they seemed to have accepted this situation. The concerns of the Ministers focused more on federal visibility in signing and implementing agreements rather than on the substance of policy. The signing ceremonies probably represented the apex of federal political involvement in the subagreements studied. Aside from a somewhat keener interest prior to the 1979 federal election, the DREE Minister was also involved regularly when mandate disputes arose. In the agriculture agreements, for example, there was an on-going dispute over which department, DREE or Agriculture Canada, should play the lead role. This brought the DREE Minister in as the only authority able to defend the departmental mandate. Also, where the private sector was involved, the Minister seemed to take a more spontaneous interest in proceedings, as for example in the Saskatchewan Steel Agreement and in the British Columbia agreements pertaining to tourism and coal.

Some reasons for the moderate political interest can be suggested. Several of the agreements dealt with resource management and intra-provincial infrastructure, both areas of provincial constitutional pre-eminence and areas in which provinces had a developed delivery capacity. These were public sector oriented policies, not directly linked to the electorate and certainly not linked in a way where the federal government
might get the credit. Direct service to people seemed to bring out the federal political interest. None of the agreements studied however was dominated by this direct delivery. Furthermore, with perhaps only two or three agreements on average signed per year in each province, it was not the sort of activity that kept the DREE Minister in the public eye (especially not if he was co-signing with several other provincial and federal ministers).

Although ministerial interest appeared to be low, this should not imply that all federal political sensitivities were ignored. DREE officials did not promote initiatives that they felt lacked the political will, provincial and federal. Saleability very much meant being able to succeed at the federal political level. Directors General in the provinces recognized that their success depended upon an assessment of the federal political will and upon an acceptable balance between political and economic objectives in policy.

The fact remains though that direct federal political participation was limited. The coordinating value of a strong federal DREE minister, presenting and defending broad federal policy before the provinces, might well have been to encourage greater integration of provincial with federal expectations. At least, it would have given federal officials a definite reference and an authoritative base from which to respond to provincial proposals. This in turn might have contributed to broadening the perspective of policy and increasing the likelihood of a comprehensive approach.
6.4.2 Organizational Structure of DREE

It will be recalled that with decentralization of the Department, some seventy percent of staff were located in provincial and regional offices. Each of the four Regions was headed by an ADM located in the Region. In order to link the operations in the Regions and provinces together, the Department established a Planning and Coordination Branch in Ottawa, also headed by an ADM. Each of the Regional Offices and headquarters had major divisions devoted to analysis and to coordination.

This structure and its reporting relationships had certain consequences in terms of the cognitive and coordinating processes supporting subagreements. On the cognitive dimension, the Department basically duplicated the development and analysis functions of provincial offices within the Regional Office. The Regional Office had no mandate for development of agreements in the provinces, but it was expected that provincial DGs would regularly call on regional staff for analytical assistance. However, this was not the case, and regional staff work drifted into basic data-gathering, theoretical research and special studies that bore no direct connection to provincial office activity. The same sort of generalized and horizontal work was taking place in headquarters; for example, major studies were concluded on Single Industry Communities, Federal Units Relocation and Defence Base Closures.

Both regional and headquarters analytical activities were largely irrelevant to the policies being developed in the provincial offices. Certainly in Saskatchewan and B.C., the offices were not supported by analytical units that took concrete policy proposals and assessed them in the context of regional and national circumstances. The DREE
organization had not forged a connection between these analytical centers such that they complemented one another. Clear and distinct functional responsibilities for each analytical level were not identified, and there was no follow-up on performance with a view to making structural improvements. In effect, neither headquarters nor the Regional Office had analytical staff in the field to enable a proactive analysis program.

On the coordinating dimension, the Regional Office had a good opportunity to act as an interlocutor in Ottawa with DREE senior management, central agencies and OGDs. The regional ADM, however, had no continuous presence in Ottawa that could promote the regional viewpoint throughout the bureaucracy. It was assumed that the Planning and Coordination Branch would do this, but the Branch was by-passed by the regional ADMS and the DGs who generally submitted material directly to the DM. Planning and Coordination had no authority to demand the type of information that would make its mandate effective. There was a very clear discontinuity which contributed to the anemia at the center of the Department and the paralysis in the Regional Offices.

The Department's headquarters and its regional offices were not integrated. There was no point below the DM at which central, regional and provincial interests were meshed. It was not surprising then that provincial offices functioned without strong leadership and without a sense of corporate identity. The Department had a weak hierarchical structure with a chain of command which was not always respected. When DGs for example went directly to the DM and when the ADM responsible for coordination was regularly by-passed, coordinating processes in the
Department became haphazard, concentrating on avoiding major and visible conflicts.

6.4.3 Federal Restraint

Fiscal restraint began to be felt in 1975-76 and was a consideration for DREE officials from that time. The total number of subagreements signed in Canada dropped from 31 in 1974-75 to 18 in 1975-76 and to 12 in 1978-79. However, the pattern in the individual provinces did not always conform to this declining trend, neither in numbers of agreements nor in their size. Saskatchewan activities did fall off after 1975-76, with only one minor agreement signed from October 1975 to August 1978. (But when that-August agreement was signed it involved $127 million and was followed by four agreements in 1979-80.) In British Columbia meanwhile, two small agreements (total commitment $8 million) were signed in 1975-76, whereas three major agreements (total commitment $167 million) were signed in 1977-78.

It is clear that a strong argument cannot be made for restraint impacting equally on all provincial offices or, for that matter, being solely responsible for any change in the volume of activity. Nonetheless, restraint did have an impact on the perceptions of analysts and senior management in the Department. None of these impacts could be confirmed through documented file evidence, perhaps only because this perceptual impact took longer to reflect itself in the policy process and also because the policy environment is complex and interrelated with other factors blunting the impact of these perceptions. These perceptions though should still be reported since they have a persuasive logic and
also because they indicate how officials felt about the impacts of prolonged restraint. What emerged from a collection of views was that restraint was a phenomenon surrounded by paradox. It was argued that restraint would force DREE to become more selective (spatially and sectorally) with more multi-provincial coordination and greater participation by OGDs in regional development. 51 At the same time, however, with restraint being prominent, choices became more numerous and more difficult because demands on government did not decline. Also, meeting the need for greater coordination with others was frustrated because without sufficient funds OGDs and the provinces had less incentive to integrate their activities with DREE; and with resource constraints, OGDs were felt to be more sensitive about their mandates (mandates had to be preserved if budgets were to be preserved).

Another paradox appeared in the general recognition that restraint forced more careful documentation to support policy, while at the same time reducing the chances for that documentation. Officials noted that they had become more evaluation/analysis-conscious but, with resource constraint, it was more difficult to respect these changing synoptic priorities. Restraint demanded that work be done better and that policies be more carefully rationalized before senior management and central agencies. Yet, with the prospects for more difficult coordination with OGDs and strains on analytical resources, it was more difficult to promise rationalized delivery.

Another factor associated with restraint was one that may have accounted for the ultimate demise of DREE. Restraint was the result of deteriorating real economic growth in the country and pressures on government revenues. Government was under pressure not only to focus more on the needier Regions but also to switch from an emphasis on opportunities to dealing with growing economic and social problems. The government was also inclined more toward short-term stimuli than any multi-year commitments and toward delivery mechanisms that would ensure maximum federal visibility. It is not difficult to see how these pressures would impact on DREE. The GDA mechanism was available in each province and was not an instrument over which the federal government had good control; activity under the GDA would be more difficult to focus. The GDA was also an instrument designed for realizing development opportunities, not for dealing with shorter-term problems or for the delivery of short-term stimuli. Finally, DREE had to "spend" in order to maintain credibility, and it had to have money in order to secure its alliance with provinces. Without money for new commitments, DREE was highly vulnerable to being ignored.

Thus, restraint brought with it pressures that acted against the use of a joint federal-provincial development instrument, and restraint reduced the priority for devoting new money to such instruments. Both the GDA and DREE were in jeopardy as restraint became a feature of federal administration.

\[52\] Letter, President of Treasury Board to Lessard, December 18, 1978.
6.4.4 The Changing Policy Environment

Restraint was only one of the circumstances which influenced policy makers as the GDA evolved through to 1980. Mention has already been made of the changes in energy economics in the early 1970s. These changes were part of a general increase in the market value of resources, especially fuels, that particularly benefited the western provinces. With the growing resource revenues came an increased assertiveness and a growing competence of western provincial governments. The growth in competence suggested that there might be less need for the federal government to become involved in the detailed planning and management of development activities. As the federal government was feeling pressures of restraint, those same pressures were blunted in the provinces of British Columbia and Saskatchewan by relative economic prosperity. Table 6.1 indicates how the economic circumstances shifted between 1973 and 1979.

The generally improving circumstances in the western provinces appeared to have lessened the need for DREE and, at the same time, to have strengthened the bargaining position of the provincial governments. Also, over the years 1973 to 1979 and according to senior management in DREE, the private sector had not shown the interest expected of it in the GDA approach. Without this interest, the approach lacked legitimacy as a true "development" instrument. It was concluded that the shift of emphasis from revenue transfer to economic development in slower growth

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54 Memorandum, Reid to Love, June 14, 1979.
### TABLE 6-1

Examples of Shifting Economic Circumstances 1973-1979

<table>
<thead>
<tr>
<th></th>
<th>British Columbia</th>
<th>Saskatchewan</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Indices of Fiscal Capacity&lt;sup&gt;a&lt;/sup&gt;</td>
<td>122.0</td>
<td>114.4</td>
</tr>
<tr>
<td>B. Employment Increase (percent)&lt;sup&gt;b&lt;/sup&gt;</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>C. Unemployment as percent of national average</td>
<td>129%</td>
<td>95%</td>
</tr>
</tbody>
</table>

<sup>a</sup>This index shows, relative to the all-province average, how much revenue per capita a province would generate if it applied national average tax rates.

<sup>b</sup>By contrast, the Quebec employment increase was only 9% and that of Newfoundland only 8%.

areas had been more difficult than thought. The so-called development expenditures under the GDA were being questioned in terms of their results.

With development opportunities slow to evolve and the limited role of the private sector, subagreements became exclusive government-to-government initiatives. Inevitably, the subject matter of agreements concentrated on areas of public sector responsibility: resource management, training, industrial and public infrastructure, promotion and planning. Direct improvements to productive capacity and employment were infrequent. These trends had laid the groundwork by 1980 for a very serious questioning of the value of the GDA approach to the federal government. Since the GDA was the key mechanism under DREE, the status of the Department would be shaken; and its mandate as the lead federal agent for economic development in the provinces would decline. Thus, the DREE authority based on money—combined with a coordinating mandate—was being undermined. Federal restraint, the changing economic fortunes of the provinces and the questionable value of the GDA as a stimulus mechanism further eroded the bargaining position of DREE. Moreover, it would be very doubtful for a department experiencing a legitimacy crisis to move boldly forward with a comprehensive plan involving OGDs and a number of provinces.

6.4.5 Federal Development Strategy

If any federal strategy was defined aiming at development in the provinces, it was unknown to officials working with the GDA. It was also unknown to the senior management of DREE in Ottawa. In fact,
senior management was not at all attracted to the notion of a federal strategy, feeling that a federal strategy would interfere with the bargaining process expected under the GDA; also, by avoiding a strategy, the job of analysis was easier since federal officials did not have to test agreements against a known set of principles.

The view prevailed that the only strategy that would lead to active programming was a provincial strategy, not a regional or national one. With no priority attached to a broader regional/national perspective, it was hardly surprising that one never emerged. For DREE officials, general principles did not govern the policy process; the GDA encouraged an inductive approach to policy. With an inductive approach, the national strategy simply emerged by amalgamating the provincial ones. There was no requirement for cognitive or coordinating processes in the provincial offices to perform in accordance with a certain standard in order to effect policy.

6.4.6 Other Federal Departments

Other federal departments (OGDs) never acknowledged an overwhelming respect for DREE or the GDA approach. An analysis prepared jointly by Agriculture Canada and the Department of Environment (DOE) illustrates well the OGD view.55 The principal conclusions were:

(1) DREE, through the GDAs, initiates new programs, without seeing if there is any means of meshing these with existing programs.

(2) DREE measures are fragmented, decisions are made according to provincial priorities which are independent from integration of sectoral policies within and between regions.

(3) The provinces see DREE as a source of new funding, often in sectoral areas; the provinces can also drive a wedge between federal departments weakening federal coordination. With DREE making bilateral arrangements with provinces, OGDs are left to react and take unpopular positions or concede to the DREE agreement.

It was evident that DREE was able to put pressure on OGDs because of the alliance the Department had with provincial central agencies and, through them, with the provincial ministers. DREE forced OGDs to become haphazard. This was a system which one DREE ADM described as allowing "eighth order provincial priorities to get through the system."  

DREE officials meanwhile conceded that extensive OGD involvement was necessary for well-coordinated, comprehensive policy. However, they also agreed that OGDs complicated the process by lengthening it, by being insensitive to area socio-economic development and by excessive concern with national economic efficiency within sectors.

There were areas of policy on which DREE and OGDs fundamentally disagreed. Over the course of the GDA experience, very little was done to 'iron out' these basic issues. Even though it was very clear that headquarters was to lead in the policy level discussions with OGDs, this

\[56\] Interviews with DREE officials, Appendix D, No. 3.
responsible was never fully discharged. If contacts were much more frequent at the provincial office level, but at this level, OGDs were not charged with a policy-making role. Thus, policy differences between federal departments never did receive a full interdepartmental airing.

If federal interdepartmental liaisons had been established, they may have given DREE a stronger bargaining position with the provinces and may have contributed to better coordination of federal and federal-provincial policy. As well, the policy perspective would have broadened and would have established the beginnings of regional-sectoral integration of federal development expenditures.

The foregoing section concludes the discussion of the factors that stood out as playing a role in shaping cognitive and coordinating processes. Before moving on to the concluding chapter of this study, it may be useful to compare some of its relevant findings with those of a similar study conducted in New Brunswick. However, it would be inappropriate to extend the comparisons too far since the New Brunswick study was not of the same specific policy processes.

6.5 Comparisons with the New Brunswick Experience

The author of the above-noted New Brunswick study, Donald Savoie, reported that under the GDA in New Brunswick subagreements were generated by the DREE and provincial bureaucracies in a collaborative

57 Letter, Francis to Stoner, January 8, 1974.
58 Savoie, op. cit.
approach. This joint, cooperative undertaking was pursued at the provincial office level in near isolation from other DREE offices and, also, with very little political contact on the federal side. The policy process was described as highly bureaucratized, void of a debate of political issues and replete with 'red tape' and elaborate procedures. Officials, as part of a deliberate strategy, were seen as circumventing political control.

Specific observations were also made on aspects of policy development relevant to cognitive and coordinating processes. Dealing first with cognitive processes, Savoie reported that "one common theme was reliance on research and planning activities." 59 Referring to the work in town planning and general planning and to the extensive use of consultants, the policy initiatives were described as having a "particularly sound analytical background." 60 Policy was also seen as being supported by analyses and elaborate reviews and characterized by a concern with efficiency and objective research. 61 Issues were resolved by the use of objective administrative criteria rather than partisan political considerations. The summary comment was that "without doubt, the GDA approach has removed many decisions from the arena of political partisanship, and it has given rise to more rational decisions." 62

59 Ibid., pp. 243-244.
60 Ibid., p. 328.
61 Ibid., pp. 281 and 355-356.
62 Ibid., p. 376.
Turning to coordinating processes, these were largely limited to those in effect within provincial offices. Headquarters was rarely involved and only a modest role was assumed by the Regional Office. Formal coordinating devices like the GDA meetings and the Executive and Management Committees could have played a useful role, but discussions did not impact directly upon the policies being formulated. There was also a poorly developed coordinating relationship with other federal departments. Finally, there was competition with other DREE offices and with other provincial governments. Protectionism was more common than a multi-provincial approach to development opportunities.

It will be apparent that numerous similarities and contrasts existed with processes found operative in British Columbia and Saskatchewan. Similarities centered around coordinating processes including the limited role of OGDs and other DREE offices, the limited relevance of formal coordinating mechanisms and the restricted reference to issues beyond provincial boundaries. The contrasts, however, deserve some specific attention.

Savoie emphasized that subagreements in New Brunswick could be placed in two quite distinct categories: first and second generation agreements. The second generation differed from the first in several aspects: they adhered more to the original intent and design of the GDA; there was less emphasis on continuing policy and programming from one agreement into a subsequent phase; and provincial DREE offices more

closely followed established procedures for developing agreements and consulting with OGDs.

A distinction on these bases cannot be supported between agreements in either British Columbia or Saskatchewan. First, in the last four years studied up to 1979-80, neither province showed an increasing tendency to sign agreements in areas that had been identified as strategic objectives under the GDA. In fact, of the last seven agreements signed in British Columbia to 1979-80, only two were in areas identified in the GDA. Second, in the provinces studied, there appeared to be a greater tendency in later agreements to reiterate policy initiated earlier (perhaps not always under the aegis of the GDA). In the final years under study, no policy undertaken conveyed a truly novel approach; all had either been in place earlier in the respective province or had been implemented under a GDA elsewhere in the country. Perhaps in Saskatchewan, this continuity was influenced by the extensive interchange between governments at the working level, where four DREE staff became senior officials in the Saskatchewan government and where three other DREE officials had previous careers with the province.

Another point of departure from Savoie's conclusions lies in the references to synoptic processes. The synoptic bias reported in New Brunswick and the nature of the analytical support of initiatives were not generally found in either British Columbia or Saskatchewan. There were some exceptions where analytical processes were more thorough, but most agreements were not characterized by detailed study by the lead federal department. To suggest that policy decisions were explicitly rational would be an over-statement.
A third contrast was with Savoie's description of the policy process as highly bureaucratized through 'red tape' and procedures. As noted repeatedly in the analysis of this study, the process exhibited a casual disdain for procedures; they were known to exist but were not rigorously monitored or respected. There was no evidence of "objective administrative criteria" bearing heavily upon policy makers, or even being referred to. The only widely acknowledged administrative measures were those associated with standardized wording in agreements, and these had few regulatory overtones.

This raises one final divergence dealing with the extent of political involvement and how officials responded. Savoie reported that political issues were largely ignored and avoided and political control circumvented. It would not be at all accurate to report avoidance of political issues in the provinces studied here. In fact, it was emphasized that success depended on a broad appreciation of the political climate provincially and federally. The DREE bureaucracy was highly sensitized to the federal political will; the lack of federal political contact did not mean, a priori, that political issues were overlooked. Especially in Saskatchewan, DREE was dealing with officials whose very strong bargaining position was largely a function of the political authority vested in them. In fact, there were few avenues where DREE could exploit differences of opinion between provincial officials and ministers. Certainly, it was true that the political issues most highly integrated into policy were of provincial origin, but this was not the fault solely of the policy process. It was also the failing of federal political
leadership to take advantage of the opportunities for intervention, for setting political issues forth and for ensuring continued intelligence on relevant political issues in the provinces. The avenues existed for influence and for direct partisan political debate, but they were not pursued as of interest to federal political actors.

6.6 Conclusion

This chapter has presented an overview of cognitive and coordinating processes involved in the formulation of subagreements in British Columbia and Saskatchewan. These processes were described against a background of intentions laid down in the design of the GDA approach.

The intentions were that the GDA would encourage a comprehensive, highly-coordinated approach to policy making. Analysis of issues was to begin with a thorough understanding of the provincial and regional economy and then proceed through various stages—conceptual and analytical—with inputs from a range of federal departments. The policy was to be carefully evaluated in order that ministers might use the evaluation periodically to adjust policy objectives or strategies.

Coordination was to be a key ingredient of the synoptic approach. Central control, supported through procedures, was to play a leading role in inter- and intra-departmental coordination. Committees, reports, procedural flow charts, formal meetings and resource management were mechanisms established for several purposes: to control the communications flow; to manage relationships between DREE offices and between DREE
and OGDs; to allow early senior management sanction and direction of policy development; to provide management with an appreciation of what the broader sectoral and area implications of policy were; and to integrate policy measures with one another. As for intergovernmental coordination, this was to evolve through bargaining/negotiating with the respective governments, in which DREE senior management at the ADM level was to introduce broader and more multi-lateral considerations.

The experience under the GDA as concerning these policy processes was somewhat different than intended. There was evidence of all three major components identified as being within the cognitive and coordinating dimensions. However, some were more dominant than others, and some never evolved at all as intended. Cognitive processes were only very sporadically synoptic. Emphasis was on moving quickly toward the signing of agreements with practical, feasible and politically saleable policy. Very often, this meant promoting measures which had been tried before in the province or elsewhere in the GDA repertoire. Coordinating processes, as characterized through central control and procedures, never proved capable of sustained influence over DREE provincial offices where policies were formulated. Coordinating processes were haphazard, passive and never really monitored for their effectiveness. The breakdown of inter- and intra-departmental coordination hampered DREE's ability to function in intergovernmental bargaining. Without the support of a central or regional perspective and without the OGD input into a federal strategy, DREE was left to bargain from a weak position. The Department was placed in a responsive mode that did not encourage active coordination.
This chapter has also examined some of the factors that helped shape the policy-making environment. The weak bargaining position of the Department was more than a function of poor central control. Federal political leadership was lacking as was any notion of how the federal government wanted to approach development in the provinces. Also, fiscal restraint reduced the incremental, discretionary money available to DREE. This, combined with questions concerning the value of the GDA approach, made DREE less credible with the provinces and OGDs.
CHAPTER VII

SUMMARY AND CONCLUDING REMARKS

The purpose of this study was to outline and analyze the process leading to the signing of subsidiary agreements and thereby enhance the understanding of federal regional development policy in this country. Specific aims included: to determine some of the forces helping to shape regional policy; to examine working relationships, how these evolved and how these varied between jurisdictions, and to consider some of the consequences of the particular structures and processes which characterized regional policy. The conclusions that will be offered here bring together the various aspects of the analysis in the form of comments on DREE and the GDA approach as a format for the formulation and delivery of federal regional policy. Conclusions have also been reached that deal more generally with the cognitive and coordinating dimensions of policy-making, with the organizational structure for regional development, with federal-provincial relations and with changes which might be considered concerning the federal role in the regional policy process.
7.1 Observations on the GDA Approach as a Format for Federal Regional Development Policy Making

In this study, subsidiary agreements were examined in the context of two questions: how was analysis conducted and incorporated into policy decisions; and how were policies and related activities coordinated. These questions point to the distinction between cognitive and coordinating processes which distinction has been made throughout this study. The manner in which these processes were performed leads to certain conclusions about GDAs as a vehicle for regional policy making.

Recalling the conclusions of previous chapters, two points can be stressed: it is clear that cognitive processes lacked comprehensiveness; it is also clear that coordinating processes functioned without a sense of overall direction. Concerning cognitive processes, it is appropriate to recount briefly the areas in which a partial, incremental approach was taken rather than one consistent with synoptic tendencies. Analysis was largely undertaken to support policy decisions that had been reached intuitively, rather than as a means of examining in detail the policy options and determining the optimal approach. As such, cognitive processes had an operational and pragmatic character, aimed at designing federal policy on the basis of its acceptability to the government of a particular province. Processes did not allow for DREE to integrate knowledge from one jurisdiction to another; there was generally no explicit or independent analysis conducted beyond the provincial office level; there was little apparent emphasis on gathering data on, or learning from, past experiences; evaluation of alternatives was not a regular routine in the process; analytical procedures employed were not
extensive and most were applied to describing economic circumstances and the status of development needs in the province; clear and explicit federal goals were not identified nor ranked in priority; and DREE did not seem to determine consciously any policy strategy in regional development; the best that can be said is that policies sought consistency.

Policy making appeared to be shaped by pragmatic considerations, i.e., by following the line of least resistance. There was little effort to examine a full range of possible consequences of particular measures; only those were examined that were obvious and important. Information on consequences was imperfect, outcomes of policy were uncertain, policy making, in fact, was policy research. The view was taken that decisions on policies were not final but rather were often sequential steps of an ongoing process. Subsequent amendments and follow-up agreements were means of making corrective adjustments to policy and of continuing the evolution of policy.

Cognitive processes sought out feasible policies, policies that were satisfactory, not necessarily ideal solutions. The strategy behind analysis appeared to be linked to several factors: whether opposition to policy could be anticipated; whether benefits would go directly to individuals or to the private sector more generally; whether the policy targets were familiar or not; the extent to which DREE had the provincial government and other federal departments as allies; and whether the proposed policies had proven administerable in the past.

The emphasis on the feasibility of policies was appropriate in the face of pressures to sign agreements which pressures were imposed upon DREE and which DREE imposed upon itself. Budgetary commitments and
cash flow were an apparent measure of success, perhaps the only measure, and DREE officials could not long ignore these statistics. Another pressure was generated by politicians once policy expectations had been heightened. Where these pressures were felt, the planning and negotiating phases of policy making were blended together. This occurred to some extent in virtually every agreement that was studied. The emphasis on speed of processing meant the development of a standardized format and diminished federal decision-making discretion respecting the shaping of subsidiary agreements.

This lack of input and influence from the center of the Department was particularly obvious in the coordinating processes that were engaged. There was virtually no hierarchical authority exercised by the DREE central coordinating units. There was no systematic means of ensuring that policies were adjusted to one another. There was no pattern of instructions from headquarters that sought the overall coordination of effort, that established broad regional policy directions or that provided headquarters the access to information required for policy making. In a fragmented policy structure, headquarters had no authority to press for a broad coordinated perspective, it had only a brokerage and bargaining interface with provincial offices. The main contact was an exchange of information that had few associated decision implications.

Coordination was left to provincial offices for a number of reasons. It was at the provincial level where policy emerged, where it was screened and finally shaped. The provincial DREE offices had the most complete information on the federal side, let alone within the Department.
The provincial offices had management responsibility for the policies, they had allies in provincial governments, lines of trust and mutual confidence that generated an assumed authority for the provincial offices. This authority extended over coordination and was not regularly interfered with by the regional or Ottawa offices. The overt coordinating influence from the center came by way of informal mechanisms, relying upon the personality of key senior officials and on the familiarity between officials. Other formal mechanisms existed which facilitated the wide distribution of information within DREE and within the federal system. These mechanisms, however, were employed as an end in themselves and as a means of making contacts which fostered the appearance of coordination. Formal mechanisms such as the Executive and Management Committees did not deal as a matter of course with policy issues and did not include those officials in implementation and at the operational level who were making key policy decisions.

DREE headquarters and the regional offices did have the major influence over broad resource levels available to each provincial office but, as a policy coordinating mechanism, such influence was both indirect and blunt. In terms of exerting a corporate view of where the Department was going or linking subsidiary agreements into a federal and regional strategy, the Ottawa or regional office presence was not felt.

Neither was there any prevailing influence over policy from central agencies. It was very difficult for central agencies to influence policy when competing against a department with grass roots policy development and with allies at the provincial government level. Also, central agencies faced a process that saw policies evolved to practically
their final form before being introduced to the 'Ottawa' system. At their final stages, policies had a powerful momentum that allowed central agencies to tinker but not fundamentally reconsider and adjust policy.

With the responsibility for coordination left largely to the provincial offices, it is important to observe how these offices reacted. In the main, the officials in provincial offices acknowledged the importance of a broad integrated examination of policy options and of involving other federal departments and DREE offices in the policy process to ensure that federal policies were adapted to one another. They felt, however, that much of the initiative to undertake this work should lie with headquarters or the regional offices. Regional policy coordination was not undertaken as a priority in provincial offices. Officials were functioning in a system with numerous disincentives to a regionally coordinated synoptic approach to policy-making. Such an approach would have introduced other provincial governments, other DREE offices and other federal departments to policy formulation. Provincial office officials feared losing their identity, losing contact with the end product and encountering delays in gaining agreement. Furthermore, officials of both DREE and provincial departments argued the primacy of their province and were not eager to share commercial intelligence with other DREE offices, let alone with other provincial governments.

There were also other disincentives both for DREE involving other federal departments (OGDs) in the process and for other departments actively participating under the GDA. For DREE, OGDs were often seen as an influence distorting departmental policy and programming without providing added resources. OGDs were also a potential threat to the
relationship nurtured by DREE with its provincial government counterparts. Finally, DREE had to be prepared to cut across sectoral lines in its various initiatives; OGDs would be expected to bring countervailing sectoral pressures to bear, thereby complicating the policy process.

OGDs had a national constituency where it would be difficult to justify a single program in one province or to explain the special treatment of clientele offered through a subsidiary agreement. Also, the GDA was a DREE-provincial mechanism in which OGDs lost identity, as well as some control and discretion over implementation of policy. The five-year subagreements extended beyond the normal two-year planning horizon of OGDs, and this long-term commitment of resources was a factor necessarily reducing policy flexibility in later years.

Thus, the GDA approach was not one which encouraged or facilitated the interdepartmental coordination which had been described as "an integral component of a comprehensive regional policy" and as "perhaps the most important aspect of development planning and administration." Without thoroughly supportive and integrated OGDs, the GDA approach never achieved the target of being a federal policy-making mechanism; it remained largely a DREE mechanism. Furthermore, DREE never fully became the polarization point for the federal role in regional development; it remained a federal department-to-provincial government relationship. Finally, and as a result, DREE, through the GDAs, was never able to establish a forum for presenting the national perspective to provincial

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Governments and could not promise successful integration of national development priorities with those of the provinces.

7.2 Observations on the GDA Approach as a Means of Federal-Provincial Cooperation

Under the GDA, in the provinces examined in this study, development occurred according to provincial government priorities. The basis for this dominance by the provinces can be found in remarks made at the important Western Economic Opportunities Conference in 1973. In describing DREE operations of the future, the Prime Minister assured that "DREE will be functioning largely in support of regional and provincial development strategies." Since there were no regional strategies developed or promoted, the GDA and DREE were together being sanctioned as an instrument of 'province-building'. It was this deference to provincial priorities that eventually was to undermine the appeal of GDAs, and of DREE itself, within the federal system. In effect, the basis for the demise of these regional development instruments in the early 1980s was laid by the federal government some ten years earlier.

It is important to note some of the other factors that gave dominant policy influence to the provinces. Subagreements were originally intended as a means of responding to development opportunities in the regions and provinces. However, subagreements proved unsuited in several aspects to advancing these key industrial projects. Long time frames of one to two years were frequent, the process was highly public, largely

\[2\text{WEOC, op. cit., p. 201.}\]
involving government-to-government contact and had limited flexibility to respond to changing conditions. Opportunities in which there was private sector interest could not wait out the subagreement process; market conditions required a quicker response. For their part, DREE officials also had a certain frustration with the private sector. Development, as the prelude to subagreement implementation and cash flow, would occur according to market forces which were not predictable to DREE, and this unpredictability complicated planning and control. Thus, the private sector found it difficult to respond to the subagreement mechanism. This factor, along with the comfort and success that DREE found in responding to provincial priorities, helped focus activity on resource management and infrastructure. These two areas of provincial jurisdiction accounted for at least two-thirds of expenditures under the GDAs, as shown in Table 7-1.

### TABLE 7-1

<table>
<thead>
<tr>
<th>GDA Cumulative Expenditures by Leading Functional Categories</th>
<th>1974/75 - 1979/80</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>B.C.</td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
</tr>
<tr>
<td>$M</td>
<td>%</td>
</tr>
<tr>
<td>23.7</td>
<td>51.8</td>
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<tr>
<td>Direct Economic Development Initiatives</td>
<td></td>
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<tr>
<td>$M</td>
<td>%</td>
</tr>
<tr>
<td>14.3</td>
<td>31.3</td>
</tr>
<tr>
<td>Resource Management</td>
<td></td>
</tr>
<tr>
<td>$M</td>
<td>%</td>
</tr>
<tr>
<td>7.4</td>
<td>16.2</td>
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</tbody>
</table>

**SOURCE:** DREE, Financial Management Information System, Ottawa.
The bulk of attention was being directed to areas where the provinces clearly had an established information base and the required policy delivery mechanisms. DREE did not make a point of doing independent analyses. Thus, DREE was dependent upon the province for establishing priorities, for generating information and for policy implementation. The DREE provincial office was also helped by the province in establishing and maintaining an authoritative relationship with other DREE offices and with OGDs. The close access to the province was a powerful lever employed by DREE officials to gain support from senior management for policy proposals.

The DREE position vis-a-vis the provinces was further weakened by the fact that provincial negotiators had much better access to Cabinet level authority. In fact, it was common for GDA-related negotiations to be conducted by officials directly connected to the planning function of the Provincial Cabinet. Without strong political leadership or independent sources of power, DREE became adaptive rather than manipulative under the GDA approach. Furthermore, without a clearly enunciated strategy, DREE could not readily interject and respond, from a position of strength, to provincial policy positions. Certainly, DREE money was an incentive to the provinces to cooperate, but as a manipulative device it was not widely used; and too, it became less relevant as federal restraint set in. The provinces examined in this study were thus able to dominate DREE through a combination of economic and jurisdictional power, clearer development priorities, expertise and delivery capability.

The dominance by provinces through these direct and indirect means had certain consequences. With implementation left to the province,
the federal government was relegated to a low public visibility role in managing the agreements. The joint management committee for each agreement regularly reviewed progress and managed resource allocations, but it had no direct public contact. Generally, the province enjoyed this contact through spending the money for which it subsequently billed the Department. DREE, in this respect, became a minor fiscal transfer mechanism. Through the GDA arrangement with the provinces, DREE was unable to appear directly responsive to the development needs of the people.

If DREE was a pipeline of resource flow to the provinces, it was also a means for the provinces to lobby the federal system. Through DREE, provincial priorities could be expressed directly to federal UMs, Ministers and central agencies. The screening process undertaken by DREE was more an abridgement of provincial priorities than the injection of distinctly federal priorities.

Another consequence was related to the emphasis on infrastructure and resource management spending. While there was no persistent argument against this spending, officials recognized that such measures would have only an indirect impact on development, i.e., the creation of an improved development environment. As such, the immediate and obvious returns were limited. Since no one was doing an evaluation of these policies, it was impossible precisely to identify benefits even over the longer term. DREE had become an agent focusing more on nominal than on real output, on signed agreements, on reports, briefings and overviews rather than on the effects of policy on the conditions that the Department had set out to correct.
The relationship with the provinces also had an influence on federal policy flexibility. One advantage claimed of the GDA was the flexibility it gave to target upon virtually any area of economic development policy with the proper cooperation from other departments. However, as the welding took place between DREE and the province, DREE lost some ability to deal with entities below the provincial level, i.e., with local communities, and with entities beyond the province, i.e., with the Region and with OGDS. It can be argued that the GDA was restrictive, facilitating a range of policy targets but not encouraging a range of participants. Flexibility was also lost in another major respect. The multi-year commitment of resources meant that agreements signed in the mid-1970s continued to be a claim on resources into the 1980s. As restraint became a reality, a marked burden on flexibility was imposed by these prior commitments.

All of the aforesaid factors together (i.e., the lack of visibility, the problems of defining and incorporating federal priorities, the uncertain impacts and the constraints imposed through long-term agreements with the provinces) made DREE and the GDAs very vulnerable. In fact, by the later 1970s, it was difficult to be optimistic about the future of DREE. There was not the same level of discretionary money available to DREE to use in attracting the provinces as allies; the Department was locking the federal government into questionable long-term agreements; and circumstances had changed. Not only did energy and the constitution become the key issues of the later 1970s, but also it became worrisome in federal circles that economic power was shifting to the provinces. DREE was not a central player in either energy or the
constitution and was very possibly one agent responsible for shifting power to the provinces. Finally too, the Board of Economic Development Ministers was established in 1979 to coordinate economic development. The government soon concluded that a separation between economic and regional development could no longer be sustained, thus making DREE a redundant institution.

7.2 Observations on the Bargaining Process

The GDA approach required that DREE provincial officials establish a working relationship with provincial governments, with other federal departments (OGDs) and with other offices of DREE. In none of these relationships could officials rely on authoritative prescriptions to establish agreement between parties. Bargaining inevitably became an ingredient of all relationships. The purpose here is to describe the bargaining process and how it appeared to be linked to the other components of the policy model. The focus is on the role played by the DREE officials in the provinces.

Bargaining was characterized by several consistent themes. First, officials looked for permanent allies as a general strategy which helped to solidify the relationship with the provincial governments to the exclusion of OGDs. OGDs could not be relied on to support DREE either over time or across a range of policy issues. Second, bargaining did not occur over all elements of policy. DREE generally did not present

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3 Reference is made to the analytical framework introduced in Chapter II.
conflicting preferences or clear alternatives that would fundamentally alter provincial proposals. No instance stood out where DREE had analyzed a gap in policy and then employed a strategy of 'trade-offs', financial leverage or cohesion to get the province or OGDs involved. Rather, consensus was sought on money issues, timing and implementation mechanisms. Third, the bargaining process excluded parties that had a significant interest in the policies that emerged. The private sector, local communities, OGDs, federal politicians and other offices of DREE were largely represented in the person of the DREE Director General.

These characteristics made it difficult for bargaining to contribute to a synoptic approach. The focus on operational issues, the limited scope, the way in which bargaining highlighted territorial imperatives, all tended to move cognitive processes toward the incremental. A comprehensive analysis was never held out as an indispensible ingredient of the policy package. The main usages by DREE of analysis were to help fend off pressure, to defend against political interference, to indicate who must be consulted and involved in coordination and to assist in selling the agreements to senior management and Treasury Board. The extent of analysis often differed with the perceived difficulty of selling. If there was political opposition anywhere or if the private sector was to be the direct primary beneficiary of policy measures, there had to be at least the appearance of thorough analysis.

DREE analysis did not play a major role in bargaining, not in the sense of progressively more sophisticated work being done by each party and then used as the point around which discussions occurred. It was used as a device to support the DREE provincial office in dealings with the
Region, Ottawa and OGDs, i.e., not to sustain a position in intergovernmental bargaining but rather in intra- and interdepartmental negotiations.

The foregoing arguments lead to the conclusion that the linkage between synoptic analysis and bargaining was not sufficiently close that one process complemented the other. In fact, it can be suggested that with more analysis, the bargaining process might actually have been complicated. Analysis which resulted in a clear requirement for an integrated strategy or which exposed a wide range of required contacts, would clearly demand more of the bargaining process before a matching of priorities could occur.

The linkage between mixed-scanning and bargaining was similarly not well developed. The problem seemed to be twofold. First, the scanning aspect of policy analysis was not fully employed. There was an initial general assessment made of economic circumstances, constraints and opportunities, but this did not proceed regularly to a consideration of options and to a detailed analysis of a short list. Mixed-scanning was an exercise in shaping impressions of what might be feasible.

Second, mixed-scanning was not undertaken for purposes of contributing to the bargaining process directly. It was aimed at identifying opportunities for an audience in regional and headquarters offices; it did not explicitly identify where integration might occur between opportunities. At best, mixed-scanning helped establish the broad policy agenda which officials were to deal with. It allowed an interplay between parties leading to a tacit understanding of what the development prospects were, including their timing, size and possible conflicts.
Had officials been able to establish a dependency link between synoptic analysis or mixed-scanning and bargaining, there may have been more resistance to the movement of cognitive processes toward increment- 
alism. There were other linkages which, had they developed, might also have resisted the movement to largely incremental processes. One relevant linkage concerned the connection between procedures and the policy process. Procedures were by and large ignored as being inconsistent with the bargaining atmosphere affecting officials. Flexibility and independence to react could not be ensured if a fully developed scheme of formal procedures was imposed. The procedures most respected were those requiring exchange of information and those required for standards of consistency and formal approvals.

The question of linkages between the cognitive and coordinating dimensions and between these and the policy-making process is an important one. It seems evident that elaborate processes can be established both to enable a comprehensive analysis and to ensure the broadest possible coordination before and after the fact of policy making. However, care must be taken to solidify a direct connection with the policy process. By themselves, proliferation of interdepartmental committees, policy review sessions, generalized economic analyses and similar processes will do little to improve analysis or coordination concerning actual policy decisions. The information generated by these processes must also purposefully be applied to the direct negotiations that results in policy.
7.4 An Assessment of Implications

DREE established numerous processes that operated at the margins of policy making and some deliberate improvements seem necessary to realize the original intent of the GDA approach. These improvements and other implications derived from the findings of this study will now be addressed.

7.4.1 Federal Regional Development Policy

This study of the GDAs and subsidiary agreements has suggested that the GDA approach could generally be characterized as follows: policy agreements were based on provincial government priorities without substantial federal analysis or integration of federal development goals; and agreements were reached without the inter- or intradepartmental coordination envisaged by the approach. Bargaining was the principal operative coordinating mechanism within DREE. It was, however, a mechanism that DREE could not employ with strength for several reasons. The Department did not utilize an independent comprehensive analysis through which to establish a federal position on policy; the focus of contact with the provinces was a DREE provincial office that could not, and would not, establish authority over the provincial government; and DREE officials functioned without any real appreciation of any federal development strategy for the Regions. Clearly, if a truly regional policy was to emerge which integrated all major areas of federal jurisdiction, the federal role under the GDA had to be strengthened. A strong federal role would require: (a) the comprehensive analysis of policy by federal
officials; (b) improved central control of coordination; and (c) a federal approach based on a more precise and widely communicated federal strategy to development in all regions and their constituent provinces.

The first of the above-noted roles deals with the importance of a synoptic approach. Regional development is a policy area that brightly displays the interdependence between various government decisions. Such interdependence includes, for example, the impact on development of transportation, manpower, agriculture, energy and fiscal policies. A synoptic approach must be adopted to appreciate and make the best use of these interdependencies.⁴

Regional policy is also very complex, involving trade-offs, the fine tuning of development instruments and a substantial appreciation of societal values and motivations. Some examples of this complexity are seen in objectives which appear to operate in opposite directions: to encourage local development within the context of Canadian growth opportunities; to meet interregionally diverse goals with policy that is still tailor-made to provincial and local needs; to balance both growth and disparity oriented policy; and to design policy both to encourage migration and to ensure viable options to remain in a community.

It is also apparent that sectoral policies cannot be considered independent of one another or without having an impact on both national and regional development. As Swerdlov has noted, considering one sector without others can lead to the wrong policies; policies cannot be purely

separated operationally. Indeed, it must be argued too that sectoral and spatial policies need to integrate development objectives of the local community level. It is necessary to know what options are being planned and what development capital may be available in order to gain cooperation and commitments necessary for integrated planning.

Regional development policy must integrate these broad spatial and sectoral dimensions and must be able to deal deliberately with the inherent trade-offs and impacts. Only a comprehensive analysis will begin to bring a systematic and conscious awareness of these elements and relate them to the regional development goals of government.

The second element required to strengthen the federal role is improved central control of coordination. This is also a necessary, though not sufficient, condition for synoptic analysis. Central control is important because of its potential to broaden the scope of analysis, to broaden the participation and, generally, to establish a framework for comprehensive and coherent policies. In terms of the scope of analysis, a stronger central role might allow more alternative information on policy issues if it were directed at preparing a serious analysis of policy and ensuring that regional offices and OGDs were participating. A broad analysis of policy must consider the government-wide implications and where policy might be integrated with other federal efforts. Central direction could be effective in encouraging coordination of subagreement policy with analytical efforts elsewhere in government, in coordinating

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analysis with policy development within DREE itself and integrating evaluation with policy development.

The central role could expose more of the linkages, interdependencies and trade-offs in policy. It could reduce the primary and secondary uncertainty that accompanies regional policy. Primary uncertainty has to do with the conditions under which the policy decision is made, e.g. the general political environment, sectoral circumstances and economic adjustment needs. Secondary uncertainty has to do with the decisions being made by others in the policy environment, e.g. decisions by the private sector, community development strategies and foreign investment decisions. With linkages exposed and the uncertainty lessened, it might be possible deliberately to adapt policies to one another rather than leaving this strictly to chance. It might also allow the Department to distinguish its contributions to regional development. Obviously, administrative accountability and responsibility would be enhanced in the process.

One of the principal aims of enhancing the central role could be achieved through increased OGD participation. With more participation in analysis and delivery of policy, a number of inadequacies with the GDA approach could be addressed. More participation would improve federal presence and enhance visibility; it would broaden the federal expertise applied to planning and management of policy; it might improve the understanding and commitment of OGDs to the regional development effort; and it would reduce the chances of costly duplication and overlap in policy. Federal regional policy could become more than a series of projects and programs considered relevant only within a provincial context.
It should be stressed here that regional policy has characteristics that can frustrate efforts aimed at a comprehensive analysis of issues or efforts to centralize coordination. There exists an inadequate understanding of the causes of regional development problems, for example, and the nature of the cause-effect relationship associated with particular policies. This 'theory deficit' is accompanied by a lack of complete and current data on regional circumstances; policy may be based on data which are several years old and which, in turn, are based on circumstances of an even earlier origin. Furthermore, the only way that regional data have been generated in the past is through a simple amalgamation of provincial data. There has been no assurance of common methodology in each province and of data regularly and explicitly generated to indicate regional circumstances. These problems help to compound those already mentioned of interdependency, spatial and sectoral linkages and abstruse policy trade-offs.

The foregoing difficulties, however, must be dealt with if the federal government is to have a sustained central role in regional development and if resource allocation is to occur which deliberately integrates the spatial and sectoral dimensions of regional policy. As suggested earlier, this integration, which is part of a synoptic policy process, cannot occur without a central overlay of broad strategies, carefully monitored and coordinated within the Department and within the federal system. Pressures can be exerted by strong provincial governments, other federal departments and by officials within DREE itself, all of which operate against comprehensive, well-coordinated policy. Thus, comprehensiveness requires both a strong central coordinating role and a strategy for development in each of the provinces and regions.
The issue of an explicit regional development strategy is important and leads to the third area requiring strengthening in the federal role. Regional problems in Canada are widely diverse, and there exists a dispersed and uneven distribution of disparity. There must be a central overall assessment of these problems in order to determine and rank priorities and allocate resources between provinces and regions. Furthermore, changes occur over time in the industrial structure and in the economic pressures being exerted on firms and communities. These changes must be the concern of a central government which chooses to anticipate and react to adjustment on a broad sectoral basis.

A national strategy is also important because the dislocations in one industrial sector, e.g., automotive, do affect others, e.g., iron and steel, glass products, machinery equipment. Also, numerous sectors like agriculture, manpower, transportation and energy all are interrelated and have an impact on regional development. It is important that national policy in these sectors is shaped for a positive regional development impact. However, unless there are some national directions, values, priorities and goals in regional development, it is very difficult for this sectoral and spatial integration

6 For a more complete discussion of this issue, see P. H. Schuck, "National Economic Planning: A Slogan Without Substance," The Public Interest, No. 45 (Fall, 1976).
to occur. Comprehensive analysis cannot be conducted without a context; coordination cannot occur outside the framework of articulated objectives. 7

At the very least, as part of the federal strategy, some important questions should be answered respecting development in each of the regions. Where ought the economy to be heading in terms of employment, industrial adjustment, diversification, specialization, transportation and the development environment? How might the region move from 'where it is' to 'where it wants to be' in terms of initiatives that are realistic and compatible with others elsewhere in the country?

A federal strategy would introduce more issues to the bargaining process, beyond those of money and implementation that have dominated in the past. A strategy could provide guidance to federal officials on the relative utility of various allocations of resources, rather than having reference only to a GDA which was drafted to ensure that no possible opportunity would be missed. Federal negotiations in the provinces could occur with a better awareness of regional comparative advantages and the interregional and intersectoral trade-offs associated with policy initiatives. 8


8 It should be cautioned here that this is no suggestion of regional policy being solely driven by a federal strategy. Total central planning would be wrong. It would be in contrast to the philosophy and
The problems associated with developing a national strategy should not be overlooked. Shaping a long-term approach which integrates both regional and provincial components is an enormous challenge. Aside from the above difficulties, there is also the fact that policy must often be developed without the best access to information, causes, reactions and consequences. The case of declining industries and the ensuing pressures for job retention is a good example. Policies are required to deal with the immediate problems of dislocated workers and communities. There are pressures on politicians and officials that discourage pausing to consider what has caused the decline and what longer-term options exist for solving the problem.

The challenges mentioned above need to be put in perspective by realizing that the national strategy must, principally, give a sense of identity to each level in the distinct developmental hierarchy that characterizes the Canadian economy. It need not assume that the integration of federal regional and provincial priorities must start from the reality of federal states where the subordinate levels, the provinces in this case, are only subordinate respecting some powers. In others, they are sovereign. The instruments of regional policy clearly involve both groups of powers. Thus, the federal and provincial governments both engage regionally significant measures independently and concurrently in the same territory. In a similar vein, total central planning would be inoperable. Policy development and implementation often require multiple approvals from those with specialized interests, including of course provincial governments. Often it is necessary to call upon the capital, manpower or other resources of third parties including the private sector and local government in order to effect policy. Also, regional development is an area where standard formulae are not available; cross-fertilized ideas, innovative thinking and flexibility are important to devising strategies that will be effective.
a national perspective, only that in the final analysis, the national perspective must be displayed so as to allow its use in policy formulation.

If it is accepted that a national strategy on regional development is important, it follows that federal regional policy formulation and delivery must utilize more than capital resources and rhetoric on coordination. A federal strategy cannot be pressed forward without a genuine sense of priority for regional policy in the federal system. To have sectoral and departmental plans become instruments of regional policy, so that their regional development impacts are consistent with federal aims, requires the strong assertion of those aims in interdepartmental and intergovernmental discussions. Moreover, regional development targets cannot always be achieved solely by relying on coordinated sectoral initiatives. Sectoral departments can have different planning horizons, they can have difficulties in isolating clientele for special treatment, and they can lack the delivery capability. Development targets require access to instruments within the framework of an institutionalized regional policy.

Part of a genuine sense of priority is high level political interest and a sustained role by senior and regional ministers in setting normative regional policy, i.e., a sense of what ought to be achieved and the manner in which trade-offs will be made. Under the GDA, federal political interest was elusive, transitory and generally inadequate. Without political leadership, as part of the GDA, the private sector operated with a partner in development who had few stated intentions.
7.4.2 Organization for Regional Policy

This study has generated implications that also concern the appropriate structure for formulating and delivering federal regional policy. In ways that have already been extensively discussed, the DREE organizational structure was not effective in meeting the expectations held of it. Comprehensive regional policy, coordinated spatially and sectorally, could not be expected from a department that was anemic at the center and apoplectic at the margins. Towards the center, both the regional and headquarters offices failed to provide much coordinating influence on provincial offices--either during the formulation or delivery phase of policy. The Regional Office was unassertive everywhere, in the province and in headquarters. The Office was unable to exercise authority to ensure that provincial office initiatives were positively and actively linked for the greatest impact on development within the Region. What it did was manage broad resource availability and guard against any obvious conflicts in policy between provinces. The Regional Office generally only tinkered with the wording and passed policy documents on to 'Ottawâ'. It was the provincial office that had the information and the contacts to become the principal focus on specific policy. In fact, the function of the Regional Office appeared to have never been carefully assessed in terms of the duplication with provincial offices.
With the provincial offices being the well-spring of policy, within the federal system at least, they gained effective leverage over headquarters, central agencies and OGDs. The Ottawa DREE office never was able to take the coordinating initiative on policy. This was especially unfortunate since it was in Ottawa that most policy work was done within OGDs. The discontinuity between DREE and OGDs frustrated the deliberate integration of subagreement policy with sectoral policy. The headquarters office also failed to exercise an executive management role in areas that touched directly upon policy. The roles it did play included the management of financial resources available to the regions, the placement of senior managers and the collection and distribution of information on agreements completed and in progress. These measures had primarily a passive influence on policy coordination, an influence that was most focused after the fact of policy formulation.

Without effective scalar linkages between offices and without a hierarchy functioning in important phases of the policy process, DREE was a disintegrated entity. Senior officials in Ottawa accepted on faith that standards of analysis and systems for coordination would produce the sectorally and spatially integrated subagreements envisaged in the GDA approach. It was never seriously examined whether the approach was effective in doing what was intended.

The experiences of DREE under the GDA approach point, in addition, to some of the important organizational elements required for an effective federal presence. It would be essential that the Department have strong regional offices with clear hierarchical divisions of responsibility regarding the provincial offices. The ADM in charge must be able
to enforce the regional role, bring the multiprovincial dimension to bear on policy and generally see that the broader federal interests in the Region are being purposefully integrated. The Regional Office, too, must have an active presence in Ottawa operating through a senior ADM responsible for analysis and coordination. Perhaps physically locating the regional ADM, or at least senior regional officers, in Ottawa would display to other departments the fact of a regional dimension to DREE policy; it might also facilitate a more sustained regional point of view at the national level. The point is that the regional, i.e., the multiprovincial, dimension must become a real force able to influence policy both in provincial offices and in Ottawa.

Another factor relevant to a properly functioning hierarchy is the presence of a strong senior minister in the Department. With DREE, or any federal regional development agency, there is an inevitable crossover into the mandates of other departments. DREE often would establish a relationship with the clientele of other departments. If DREE does not have credibility and Cabinet influence, it could expect difficulty in preserving its mandate and its efforts to strengthen federal regional policy by bringing in OGDs as active partners. For DREE to have policy influence over OGDs, that influence would have to take effect in Ottawa. In order for DREE to prepare a federal regional development strategy and see it implemented, both within and across provincial boundaries, other departments must participate at every stage in the process. This influence and this participation require a commitment and direction from the political level.
In effect, DREE would require a strong presence at the center of the organization as well as in the Regions. This strength can be defined through some characteristics that both the central and regional offices must display. They must deal with provincial offices on a continuous basis and not pursuant to ad hoc requests for information or merely for periodic studies and progress reports. They must possess authority that is clear and unambiguous and supported by political will. They must exercise their authority in a dialogue with other parties in the policy process, i.e., other departments, the private sector, financial and planning institutions and provincial governments. They must seek ways of expressing the national interest in regional development without the rather heavy handed display of federal power, either financially or through the 'interference' of the regional or Ottawa offices.

An additional characteristic relates to the degree of integration between operating levels and between the various offices. DREE was not organized so that its technical, analytical, evaluation and implementation staff resources were in close constant contact with officials who were negotiating with the provinces on policy. Without this regularized contact, policy makers have really to rely only upon a subjective judgement of the worth of policy. There must be a means for improving policy based on the experience of implementation.

Each of the above organizational imperatives gains in importance with the degree of decentralization seen in DREE. The extended lines of communications, the lack of daily contact, the multitude of centers which were important to coordinating and the pressures that could be brought to bear on officials, all contributed to problems experienced by DREE.
These problems included the excessive fragmentation, the deterioration of centralized control, the lack of direction on normative policy and the generally impaired administrative and policy coordination. This study confirms what Swerdlow has noted concerning complex organizations: questions of authority and control, of multiple objectives and of flow of information require a mix of centralized and decentralized decisions.  

It is clear that an efficient and effective decentralized department requires some central control in order to establish the degree and limits of the decentralization. Otherwise, as Ramsay Cook has remarked, "decentralization could destroy the last vestiges of the national interest."  

Federal organizational planners must also keep in mind that institutional change per se will not result in more coherent policy strategies. How that change is manifest will inevitably impact upon the success of policy. The decision to disaggregate responsibility for policy-making between jurisdictions is itself a measure that helps shape subsequent policy, but not in a conscious and intentional way; the results must be periodically assessed. Structure affects process and, over time, change in the organizational structure is entirely appropriate to effect improvements in the policy process and the results achieved. The difficulty for DREE of course was that the liaison with the provinces

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9 Swerdlow, op. cit., p. 338.

10 Idem.

tended to ossify the organization and to remove the flexibility for structural changes. 12

7.4.3 Federal-Provincial Relations

The combination of the political resurgence of the provinces and their economic priority and control over resources led to the acceptance and encouragement of provincial efforts to stimulate economic development. This encouragement, in turn, led to an array of provincial economic development departments and programs. DREE was perhaps the single most evident federal instrument aiding and abetting this proliferation, at least in the less wealthy provinces. Under the ambit of regional development, the Department concentrated both on improving the aggregate economic performance of 'have-not' provinces and on providing assistance to deal with intraprovincial development problems and the realization of development opportunities.

The DREE view of economic planning was to accept provincial development priorities without any deliberate integration of these with other regional or national objectives. This view contributed to the dominance of the policy process by the provinces and prevented the formulation of a coherent and effective national strategy for promoting development in each of the Regions. The GDA approach, while providing a degree of federal-provincial cooperation on development matters, did not bring about a convergence between the development goals of the two levels.

12 It does not come as a surprise that, in early 1982, the federal government decided to abandon DREE and the GDA approach rather than attempt the structural change that had become imperative.
of government. This was due, in part, to the fact that the vague
development goals of the federal government were not generally among the
discussion items as policy agreements were formulated. Broader federal
goals simply did not enter the process; the policy pipeline that was the
GDA only flowed one way.

One of the other factors contributing to this situation was the
ability of DREE provincial office management to use the province and the
state of federal-provincial relations as a lever on the federal system to
gain acceptance of policy. This leverage was effective because the
federal system, including DREE itself, had no counterpart to provincial
strategies; if activity was to occur, the only clear initiatives were
those of provincial government origin. If the Department had a framework
for development, such internally generated leverage could be reduced. A
framework could be developed that would not require prior provincial
agreement, including such areas as selected sectors to receive priority
attention, regional designation for purposes of program enrichment and
special measures for tailoring national policies to respond to regional
circumstances. Such a framework would help to establish the basis for
two-way integration of priorities between governments.

It is difficult to foresee effective federal regional policy
without the above-mentioned integration taking place. Provincial input
and cooperation are vital to any serious effort in regional development.
Through control over resource management, over access to information and
contact with key agents of development and their ability to pursue an
independent course of action, the provinces become important partners in
the formulation of comprehensive development policy.
Thus, it can be argued that successful regional policy (i.e., policy that goes beyond provincial development in its consideration of regional and national needs and goals) requires the careful and deliberate integration of federal and provincial priorities. National priorities need to be derived from a strategy toward development rather than a haphazard response to contemporary pressures. This is not to say that extemporaneous policy can be eliminated. It would be naive and simplistic to expect preconceived strategies to anticipate every circumstance demanding of policy action. However, if strategies are based upon ministerial expectations as well as competent analysis and are regularly revised, there should be every expectation of having priorities emerge directly from these strategies. Where priorities diverge, it should be apparent, and some explanation should be offered for the reasons.

A federal regional development strategy also requires much greater analytical and coordinating input from the regional and national levels than had been the case under DREE and the GDA approach. Far from facilitating the depth and breadth of federal policy analysis and coordination, the GDA approach became an instrument for frustrating federal input; it became more of a fiscal transfer mechanism than a means of joint integration of policy. Unless changes are made in the structure and process of managing future federal-provincial development agreements, the results for the federal government may be similar.
7.5 Some Prescriptive Options

Improvements in federal-provincial agreements could begin with the enabling GDA-type mechanism. To establish the political authority and credibility of these broad agreements, from the federal point of view, they need to be preceded by a period of extensive ministerial debate, ultimately resolving into a clear statement of development objectives for each province and Region. The ministerial discussions should involve, in addition to the provincial governments, other federal departments and other ministers with regional responsibilities. Ministers should have the benefit of a thorough review of development programming in each province and Region and of overviews of their dominant sectors. The aim should be that each umbrella agreement include not only multi-province objectives but also the beginning of integration of sectoral and spatial objectives.

Clearly, such focused and intensively considered agreements could not be prepared quickly; it is also unlikely that they could be prepared and negotiated simultaneously in each Region. The federal government should withstand the pressures to proceed quickly with agreements on the logic that strategies, and in fact policy, can be worked out later. The government should also eschew the theatrical appeal of signing agreements purely for the sake of attracting media attention. The onus of responsibility for improved agreements falls both upon officials and ministers. Responsibility falls perhaps more so upon ministers who must demonstrate initial and continuing political interest in agreements, in assessing progress, in deciding upon new directions and in insisting that
ministerial prerogatives are exercised in the development of policy. Federal political interest in the GDAs and subagreements has been sporadic with a diffused focus and without a clear record of results.

The nature of federal participation in subsidiary agreements needs to change in other ways as well. In negotiating agreements, a prior federal position vis-a-vis specific development objectives should be determined. This position needs to reflect the concerns of other departments, other ministers and also the sectoral-spatial integration suggested by the federal strategy that precedes specific agreements. If there is no federal position before undertaking negotiations with the province, the bargaining process is weighted in the province's favor; bargaining does not follow the model of proposal-response-repropose. The main bargaining lever available to federal officials was that of financing. However, this leverage was not widely used, and by the time costs and respective contributions were raised for discussion, the framework of policy had been set.

Another important improvement could be made in respect of the policy content of subagreements themselves. The strategy prevailed where policy was in fact developed through the detailed project approvals associated with the implementation process—a process controlled by the provincial governments. From the viewpoint of ensuring that federal priorities and strategies are included in policy, this process is hardly adequate. It is not sufficient to argue that if the federal government took over more implementation responsibilities, it could ensure a better correlation with federal priorities. This simply divides the problem to avoid it, rather than striving for an integration of policy between
governments. What is required is a much clearer notion of federal expectations of subagreements and of the specific projects/programs. These specifics must be advanced for agreement in negotiations with the provinces.

The underlying requirement for improving agreements, to which all of the foregoing discussion is linked, is better federal coordination under the aegis of an identifiable development strategy. A strategy will only succeed if its elements are understood and coordinated. DREE, or any federal agency charged with regional policy responsibilities, must establish a strong cross-provincial administration with a mandate and vested interest in broad regional and national development questions. DREE did not provide the necessary focus for orienting federal initiatives in regional development. Among the reasons for this must be counted the poor vertical and horizontal coordination linkages flowing from the DREE provincial offices. Vertical linkages with other regional offices and with 'Ottawa' need to be dusted off, with responsibilities reconsidered and more clearly defined. Central agencies of the federal government, most notably the Treasury Board, could facilitate these vertical linkages by taking more interest in monitoring commitments made under agreements, in encouraging departments to operationalize strategic planning and, generally, in marketing a regional development strategy throughout the federal system.

Horizontal linkages with other federal departments, between DREE provincial and regional offices and among functional divisions within DREE all need strengthening through better definition and, of course, adherence. These linkages must go beyond reporting relationships and
exchanges of information to include meaningful forums for discussion and
decision-making, i.e., forums in which a range of policy issues are
raised and where efforts are made to settle upon priorities.

It is clear that these vertical and horizontal linkages are
definable in both administrative and policy terms. One point that this
study has made is that unless the administrative linkages are appropri-
ately drawn and respected, it is very difficult for policy linkages
(i.e., integration, sectorally and regionally) to be perceived, let alone
properly made. If the federal government is to succeed in prescribing a
development strategy that has spatial and sectoral integration, it must
also ensure effective central coordination of that strategy. This is
more than a matter of effective and efficient policy development and
administration; it is a responsibility owed by the national government
to the people as well as to the constituent governments of this country.
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McAllister, R. I. "Some Federal Programs in the Context of Regional Development" (Halifax: Dalhousie University, May, 1972).


**CORRESPONDENCE, NEWSPAPERS AND MISCELLANEOUS**

Correspondence (memos and letters) and the respective correspondents are noted in reference footnotes. The names, titles and associations of the correspondents are contained in the List of Names following this Bibliography.

File Notes, DREE (B.C.) and DREE (Sask.).


LIST OF NAMES OF CORRESPONDENTS

Bennett, B. - Premier of British Columbia
Bilodeau, R. - Director, Planning and Analysis, DREE Ottawa
Brennan, M. - Development Officer, DREE Regina
Brown, G. - Senior Programs Officer, PFRA Regina
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Earl, J. - Analysis Officer, DREE Ottawa
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Francis, J. - Acting Deputy Minister, DREE Ottawa
Gartner, J. - Chief Planning Officer, Government of Saskatchewan
Grabeldinger, K. - Program Officer, DREE Regina
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Hood, W. - Deputy Minister, Department of Finance Ottawa
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Lessard, M. - Minister, DREE Ottawa
Lloyd, R. - Chief Planning Officer, Government of Saskatchewan
Love, D. - Deputy Minister, DREE Ottawa
Mackay, C. - Director General, Northern and Urban Programs, DREE Saskatchewan
MacNaught, J. - Assistant Deputy Minister, DREE Saskatoon
MacNeil, P. - Senior Planning Officer, Government of Saskatchewan
Mair, W. - Director General, DREE Victoria
Marshall, R. H. - Director General, DREE Victoria
McEachran, D. - Assistant Secretary, Treasury Board Ottawa
Miller, J. - Director General, Analysis and Liaison, DREE Ottawa
Montreuil, B. - Deputy Minister, DREE Ottawa
Morin, A. - Deputy Secretary, Treasury Board Ottawa
Mulder, N. - Director, Analysis and Liaison, DREE Ottawa
Peel, S. - Deputy Minister, Department of Economic Development, Government of British Columbia
Phillips, D. - Minister, Department of Industry and Small Business, Government of British Columbia
Pratt, L. - Senior Development Executive, DREE Saskatoon
Rea, J. - Agreement Coordinator, Department of Economic Development, Government of British Columbia
Reid, T. - Assistant Deputy Minister, DREE Ottawa
Robertson, A. - Senior Development Officer, DREE Victoria
Rosenberg, C. - Senior Regional Coordinator, Urban Affairs Ottawa
Ross, B. - Manager, Development and Analysis, DREE Regina
Savin, B. - Manager, Development and Analysis, DREE Regina
Schaw, J. - Senior Development Officer, DREE Regina
Scott, P. - Program Officer, DOE Vancouver
Smart, J. - Manager, Analysis, DREE Newfoundland
Stöner, G. - Deputy Minister, Ministry of Transport Ottawa
Storey, K. - Development Officer, DREE Newfoundland
Surkan, G. - Development Officer, DREE Regina
Svetkov, A. - Senior Implementation Officer, DREE Regina
Trudeau, P. - Prime Minister of Canada
Turner, T. - Manager, Industrial Development, DREE Victoria
Vickar, N. - Minister, Industry & Commerce, Government of Saskatchewan
Watson, D. - Acting Chief, Resource Development, EM&R Ottawa
Weese, B. - Director, Intergovernmental Affairs, Government of Saskatchewan
Whelan, E. - Minister of Agriculture, Ottawa
Wise, T. - Director of Analysis, DREE Saskatoon
Yeo, B. - Executive with IPSCO Regina
APPENDIX A

SELECTED IMPORTANT EVENTS IN THE MATURING OF REGIONAL POLICY

1935 - *Prairie Farm Rehabilitation Act*: a federal response to strong prairie demands arising from falling farm prices. The lack of provincial financial resources helped shift the focus of responsibility to Ottawa.

1937 - *Rowell-Sirois Commission* - looked at, interalia, the declining revenue sources available. The report of the Commission served to underline the wide and expanding disparities between provinces and, also, to advance the concept that the Canadian fiscal system should enable every province to provide services of average standards, without resorting to heavier than average taxation.

1939 - *Advisory Committee on Economic Policy*: by 1943, this body was given broad duties of post-war planning which represented some acceptance of the notion that planning had a role in economic growth.

1948 - *Maritime Marshland Rehabilitation Act*: a program to protect Bay of Fundy marshland from flooding. Again, the central government was called on to invest in regional resources as a means of income transfer to agricultural producers.

1945 - *Concern for national growth*: the emphasis was placed on resource development.

1957 & 1961 - *Recession*: emphasized the fact that ad-hoc measures and fiscal transfers were not effective in dealing with regional disparities.

1961 - *Resources for Tomorrow Conference*: an organized look at resource development and its role in sustaining an adequate growth rate in the economy, including the regions.
APPENDIX A (Cont'd)

- 1969 - Senate Committee on Land Use: prepared background data on rural disparities.

- Agricultural Rehabilitation and Development Act: while still focusing on resource development, the federal government sought to address the problems of rural unemployment through mobility.

- 1962 - Atlantic Development Board (now the Atlantic Development Council): established to report on the Atlantic provinces' growth.

- 1963 - Department of Industry Act: established the Area Development Agency. Thirty-five areas were designated for special assistance, including specific automatic incentives for locating in these areas. Urban centers became a policy target.

- 1965 - Area Development Incentives Act: extended the provisions of the Area Development Agency to include capital grants.

- 1966 - Fund for Rural Economic Development: inaugurated a more comprehensive attack on problems in severely disadvantaged areas. Under the Fund, comprehensive rural development programs were eventually established for the Interlake region of Manitoba, Maetacuac and Northeast New Brunswick, the Gaspe, and all of Prince Edward Island.

- 1969 - Government Reorganization Act: established DREE and declared an intention to concentrate on regional problems. All programs of a regional development nature were brought into the Department.
APPENDIX B

MAXIMUM FINANCIAL PROVISIONS OF SIGNED ACTIVE AND EXPIRED SUB-AGREEMENTS AS OF JULY 1, 1980

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ACTIVE SUB-AGREEMENTS:

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#### MANITOBA

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#### ALBERTA

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NORTHWEST TERRITORIES

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YUKON

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TOTAL ACTIVE: $3,775,153,286 2,314,055,965 1,434,347,321 $26,750,000

EXPIRED SUB-AGREEMENTS

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- $1,336,750,913
- 485,721,329
- 259,121,584
- 591,908,000

### GRAND TOTAL:

- $5,111,904,199
- 2,799,777,294
- 1,693,468,905
- 618,658,000

### SOURCE:

Program Analysis and Liaison Division, DREE, Ottawa/Hull
APPENDIX C

PARTICIPATION OF OTHER FEDERAL DEPARTMENTS IN SUBSIDIARY AGREEMENTS AS OF JULY 1, 1980

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363
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### APPENDIX C (Cont'd)

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#### BRITISH COLUMBIA

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<th>Co-Managed</th>
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<td>Renewable Resource</td>
<td>DINA</td>
<td>DINA 1,400,000</td>
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<tr>
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<td>DINA/IT&amp;C</td>
<td>DINA 1,500,000</td>
<td>DINA/CGOT/CEIC</td>
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**SOURCE:** Program Analysis and Liaison Division, DREE, Ottawa/Hull
Interviews were conducted with federal officials, as listed below, in early 1980. Interviews were granted on the understanding that confidentiality would be preserved. Therefore, individuals have not been identified against any of the summary notes of each interview.

The following officials were interviewed: Aldus, R. B. (Economist, Agriculture, Canada; Vancouver); Brennan, Mike (Officer, Development and Analysis, DREE Regina); Brown, Eric (Manager, Incentives, DREE Regina); Daniels, Mark (Former ADM, Planning and Coordination, DREE Ottawa); Duncombe, Gordon (Office, Regina); Analysis, DREE Saskatoon); Glass, Robin (Director General; Analysis and Liaison, DREE Ottawa); Hagen, Bill (Officer, Implementation, DREE Saskatoon); Hanneson, Bill (Manager, Development and Analysis, DREE Victoria); Lane, Dick (Director General, DREE Regina); Letilley, Dick (Officer, Coordination, DREE Saskatoon); Love, Doug (Former DM, DREE Ottawa); MacNaught, John (Senior ADM, DREE Ottawa); Marshall, Ron (Director General, DREE Victoria); Maundrell, Peter (Officer, CGOT Victoria); Parsons, Graham (Director, Regional Analysis, DREE Saskatoon); Reid, David (Economist, Fisheries and Oceans, Vancouver); Robertson, Andrew (Officer, Development and Analysis, DREE Victoria); Savin, Bill (Manager, Implementation, DREE Regina); Schaw, John (Officer, Development and Analysis, DREE Regina); Skinner, Gordon (Officer, Development and Analysis, DREE Victoria); Turner, Tom (Manager, Industrial Development, DREE Victoria); Urlich, Vic (Officer, Program Implementation, DREE Victoria); White, Ken (Officer, Development and Analysis, DREE Regina); Whiting, Mr. (Manager, CMHC Vancouver); Wieler, Vern (Manager, Development and Analysis, DREE Regina).
INTERVIEW NO. 1

On Coordination:
- MSED (formerly BEDM) imposing new demands at the center to bring order to priorities; spawned by concern over deficits.
- DREE has not transferred that much to the provinces, but much greater opportunity for priority expression by the provinces; we do not simply follow the provinces.
- The process is 'tight', e.g. all sub's require Cabinet or TB approval.
- With GDA strategy: better able to say what direction we're going; can get a national perspective with analytical base. This bothers other departments. Makes DREE "articulate" before the MSED. Line departments very nervous over DREE ability to "roll it all together".

On Analysis:
- Analysis is absolutely critical. Rogers (Comptroller General) reported (internally) that department scored highest in analysis, less well in program evaluation.
  Allows officials to articulate why the department is in a program or activity.
- Officials can rest comfortably, can explain, can feel protected. Is required because department only has suggestive mandate. It gives the department authority, commands respect.
- Regions pursue initiative on analysis. The central officials take on major projects (major in the sense that they involve linkages to regional development of important sectors, e.g. Atlantic energy, coal, and externalities).
  Must occur before intergovernmental discussion/decision.
- At some times, decision made that we can't do much more, the Minister will have to decide.
- Program forecasts do impose some constraints on analysis.

On OGDs:
- Very little of what is done does not bring in other federal departments from the start. Department has a clear articulated policy of initial outline and referral; a formalized procedure for rolling in the federal interest. "This is the process we follow" can be stated.

On Mixed-Scanning:
- Formal mechanisms: Minister briefing; Senior Management Board; Forecast of Major Decisions; "Review of Major Issues" to Deputy Minister, e.g. post-Montreal Olympics, it was obvious that a major analysis was required.
- Anticipative; comes from regional analysis, which is the core of the strategy.

- Identifies priorities, options for federal support. Not asking provinces to approve priorities but they are involved in the research. Not asked if they feel it is in the right direction.

- Annual meeting among Ministers for orders of priority.

- Seldom a marked difference of views because of ongoing consultative process (one of the purposes of the consultative process).

Other Comments:

- Opportunities for Development (Cabinet document-end of '73) made things happen that would not have occurred otherwise.

- Attempt to "answer" rather than simply picking up on what is there.

- Analytical strength varies from province to province; weaker provinces do look to DREE.

INTERVIEW NO. 2

On Decentralization:

- Actual decision-making authority has moved out to the regions.

Provincial Officials Discretion Over Instruments and Methods of Implementation:

- Freedom over both.

On Central Direction and Control:

- There are different views as to whether or not there are adequate controls, an adequate exertion of corporate will; whether DREE field officers have excessively gone native.

- Our view is that this has not happened to extent that would seriously impede capacity of Department to do things it should do.

- Informal mechanisms: One of the most significant control mechanisms has been the informal; people who went to field offices had worked together in Ottawa, commonality of feeling and goodwill, an established informal net in the first instance. This tends to attenuate over time as new actors appear or as older relationships erode. This coupled with strong personality of Doug Love and his traditional highly personalized style of management - style which was much more evident in Ottawa 10 or 20 years ago than is likely to be 10 or 20 years from now - smaller informal net kept you in touch with everything. Love able to exert strong personal persuasion on the system - this married well with the informal. Love able to broker things through the system the way a weak man - an inexperienced man wouldn't have been able to.
Formal: Most important one is the management board (ADM's and UM) - meets every month. A regular forum in which cross-departmental issues, inter-regional issues could be aired and sorted out. To what extent that actually occurred I'm not sure, but the mechanism was there.

Financial: There is a strong cash info and management system in place for RDIA.

Controls in GDA: In my view we do not have a strong and effective management info system; we do not have a functional classification system, which allows me to compare how we spend out money in forestry sub in B.C. and how we spend it in forestry sub in N.B. There are no common definitions - there is serious lack of a system making it increasingly difficult for department to know what it is doing and thus by definition to have an info base allowing it to exert a corporate view on where it is going.

Admin Control: Decentralization has occurred in that personnel services exist independently in regions and thus do not have the unifying tendency of having personnel services focused in Hull.

Other Major Unifying Force: Necessity for Department to respond to demands placed upon it by the Ottawa based system. There is a centripetal force there - there are Cabinet decisions regarding national policy directions which it is incumbent upon DREE to build into its policy-making process with the provinces.

On Coordination:

- It is easy to over-emphasize the importance of DREE to the general change in the balance between the federal and provincial system. There is perception within the Federal Government in Ottawa that somehow DREE is a provincial Trojan Horse within the federal body politic.

- If conceptualize GDA, liken them to series of policy pipes to try and reconcile, coordinate and produce coherent and integrated set of policies - policy tends to flow from source of competence and growth to relative lack of influence, and to extent provinces have been growing, DREE mechanisms have provided a pipeline whereby provincial priorities have come into the federal system. It is possible to imagine a situation where there were stronger federal policies, where the feds had a clearer idea of what it was trying to do in some areas; if that were the case, one could imagine using the GDA system as a device for much more bending of provincial priorities - you could see contents of the pipe flowing the other way.

- If feds had long-term coherent strategy, you could imagine federal government linking a number of issues together and using the GDA as a way of doing it, and using its money influence or its regulatory powers, or its influence in other sectoral areas to, in effect, bend provincial priorities.
On Differences Between Provinces in Coordination:

- There is a big difference. Fiscal position of the provinces is important. If province is strapped for funds and we've got money they will basically bend much more easily than if they don't. Much easier to secure agreement with the Province of N.B. than with Province of Alta.

- Related factor, the quality of the human resources available to support the provincial decision-making process. If federal side basically has stronger advice (the paper war), that has influence.

- Also, politics has an influence on it. People of same party tend to get along better than people who fought in the last election.

On Balance Between Persuasion and Authority:

- The days of hierarchic authority are rapidly drawing to a close and are very limited how - maybe in P.E.I., maybe in N.B.

- Degree of financial independence is single most important factor influencing any use of hierarchic authority - money talks.

On GDA Process:

- I think process is centered in the provincial offices, in the provincial DGs. It is a highly bureaucratized process, at the provincial level. It is the federal people in the provinces, not the regional offices, not federal bureaucrats in Ottawa dealing with provincial bureaucrats.

- Politicians become important at elections - it (GDA) is a process that can deliver politically. If the politicians on both sides decide they want to do something - they do it. That's all a sub is, basically - Ministers in two governments deciding they want to do something. They can do that without the planners suggesting it to them. But, in actual fact, the rhythm of the process is such and the size of the federal system is such that in most cases the officials in provincial capital are most important.

On Importance of Analysis:

- Great deal of importance. Center does not have a monitoring role. Subs developed jointly with province - comes into Ottawa, we don't vet it, we don't look at it and say you're analysis is missing the following points, went directly from the field, Deputy looked at it, then into gate keepers to Cabinet Committee.

- So importance of analysis viewed from the center is really quite irrelevant to the process.

- Never had a submission turned around. You could argue, many would argue, that the analytical support on some of the subs was thin. You could say on the whole that there was not as rigorous quality control on the analytical side as there might have been.
On Using Subs as Examples for Others:

- Subs are used as examples; we tend to follow models; we tend to repeat what seems to work.

On Ability of Provincial Officials of DREE to Gain 'Regional' Focus:

- Bi-monthly status report on subs which describes at what stage in the 5-part process various subs that are being hatched happen to be, who's working on them and there is the government telephone network.

- What isn't available is system allowing center to say an agreement put forward for N.B. lacks this feature that is in the Nfld. agreement which we think is very good and we in Ottawa therefore will not push it forward until you incorporate certain features. We don't have that authority. That is the nature of the decentralization. The ADMs in the regions have their own organizations and they are responsible only to the Deputy.

On Scanning:

- Yes, there is an increased effort to predict and prepare as a rule.

- Criteria: 1. Political visibility or anticipated political visibility. If you're going to be asked for advice anyway, why not get yourself trained up now. Why not do our homework now and find out what the industrial benefits of the particular project are.

2. Has to do with our preliminary estimate of importance. There may be some very important things out there which should be looked at but are not going to hit the political system, not going to surface as a political issue, at least not that we know of (at present time). But nonetheless, we think they should be brought to the attention of Ministers; e.g., water on the prairies may well be a problem in 10 years between the provinces and with the States. That's something we should be telling politicians about now; maybe we can be more effective if we start thinking, start doing things about it now.

Thus, on scanning process - things we think about are determined by:

(a) the political process; and
(b) our own analysis.

On Scanning and Role in Bargaining:

- Scanning makes us much stronger with our peers. In the case of our peers, it is very important in terms of our credibility in Ottawa that we're able to sit down and tell our professional colleagues in other departments things that they don't know, or how things they do know relate in a way they hadn't seen it packaged before, e.g., Energy and Transport put together in regional context.

- In terms of the provinces: scanning also important. We've probably stimulated the provinces to become much more systematic and comprehensive in their own cognitive processes, because of the natural competitive
effect. When we go to the province that doesn't have any way of pulling together the various sectors and displaying them spatially and pushing them 5 years out; when they see DREE doing it, there is pressure from the politicians for them to do it.

- In terms of politicians: scanning is important with our own Minister. The DREE Ministers have been very responsive to that kind of stuff. But we haven't had much of an impact on the broader system, on the thinking that goes on in Cabinet Committee, e.g. of how analysis impacts on politicians, presentation on Montreal industrial problems including soft industrial situation, volatile situation, and cultural situation that doesn't allow adjustment through migration.

On Policy Strategy: Gradualism on Definitive Answers:

- (I'm) a disjointed incrementalist operating in a longer term rationalist framework (mixed-scanning). The political equivalent would be 'pragmatic idealist' striving toward some longer term goals.

- Change is continuous and marginal, complex and confusing; and we don't very often have real significant bends in our trends induced by policy changes.

- In terms of what happens in DREE; four regions and national office, our cognitive processes are continually being conditioned by nature of the department; it's almost a brokerage function, e.g. Planning and Coordination meeting with 4 senior representatives from regions to try to bring economic analysis to bring the 4 into sync or try to remove rough edges. When time comes for us to agree around the table, the analysis ought to be consistent. That process doesn't lend itself to logical or rational determination, it's really a discussion, feeling out, compromise, the Lindblom model.

On Relationship Between Bargaining and Analytical Processes:

- This is not a policy environment demanding a comprehensive evaluation.

- Analytical argument is important in determining the weight of your argument, not only your organizational position.

- Nine GDAs, comprehensive frameworks by province, but you don't have a comprehensive framework for the country; we don't have a national strategy. We don't have to test an individual subagreement decision against any national strategy; we just have to test it against the provincial strategy. Perhaps have strategy in a few sectors, by not very explicit.

- Part of reason influence tends to flow from the provincial to national level is that at provincial level you have a strategy, at national level you do not. In terms of bargaining from national or from provincial perspective, the matter is talking of apples and oranges - i.e. one has a strategy, the other doesn't.
On Commitment to Analytical Package:

- Package does influence the appeal of incrementalism. Analysis does have certain momentum or inertia.

- If analysis looks appealing, they tend to do it again and that means they don't look at other things.

- Problem is not that our analysis contains our ability (talking of Hull) to scan other alternatives, but problem is that we're reacting so often to alternatives generated in other places that our analysis is not of type and quality which allows us to make some real policy breakthroughs.

- If the object of the policy game is to use one solution to five problems - if there is one package, then development of that package takes a lot of time. You don't develop that package if you are continually reacting.

INTERVIEW NO. 3

On Decentralization:

- Very much decentralized. Careful though, because mistakes often made by inability to factor in the importance of people. Love was major factor in move to decentralized decision-making. ADM given great deal of authority; for example incentives: very visible program - 18 of budget and routine program; 85 of decision in RDIA made by DG in provinces; 10 at ADM in field, 5 to Ottawa to Minister via Board chaired by Deputy. Mind you, there was machinery in Ottawa to ensure no four independent dukies in four DREE regions. Planning and Coordination operation concerned about this - as the glue; an attempt to see that there was corporate view kept extant.

On the Sub-Agreement Process:

- There is a procedural understanding - all written down. Idea hatches somewhere. Provincial Government, DG, Federal Departments, Impetus for Sub-Agreement can come from anywhere. Be careful in examining GDA-Sub process, because at the very beginning, need to be seen to be alive was paramount. So a lot of stuff was hatched which was pretty random. It made sense but it was not to be judged as being part of an integrated package. After these GDAs were signed, in the great fling of activity, it was necessary to move, so if you were to analyze the kind of stuff that got hatched (reflected in the fact that a lot of interim agreements were signed) reason being that both governments perceived the political imperative to get off the ground. Characterized this as "break in period" of perhaps a year or a year and a half. Not saying that nonsense was signed during period but I would never have tried to rationalize it. The problem was to get a working presence at that stage. As long as the stuff stood up to discrete analysis, one would not fuss too much if in some sense it seemed to be non-integrable into a grand design. I'm not suggesting there is even a grand design now, except implicitly.
On Hatching of Sub:

- Most likely thing - provincial development people talked with DREE guys or maybe local Federal Fisheries or Federal Agriculture, seems it would make sense to get into water control for example.

- This is "gleam in the eye"; up to local DG if he finds it looks as they are on the edge of something useful, he notifies the Regional ADM; all done in writing. Regional ADM lets it bubble along for awhile; there is no time on that, it's just that when you get some ground work in place you get a sense of whether to jell or not, whether it makes sense.

- At that point, beyond the gleam in the eye - I can't tell you precisely where that point is, it is a judgement call on the part of DG and Regional ADM. Some things go beyond the gleam very quickly; others take years to hatch.

- But once beyond this stage, DM notified and he would give formal approval for negotiations to begin. If by that time informal consultations had not taken place with OGDs, they would be involved (often OGDs in it right from beginning but sometimes they were not). You have to view DREE in this context as something of a catalyst.

- If you push me hard, you will find that I can't draw a distinction in my mind between regional economic development and economic development. I look upon it all as very much a continuum and only really a matter of shadow prices.

On Stages in the Process:

- Approval of Deputy

- Formal consultations start

- Report produced on nature of project; contacts identified; reports sent to OGDs; thing then starts going through analytical period. When that period is finished for whatever length of time, a recommendation is made to Deputy. All during that period he has periodic review with Minister. These are also on program forecast mechanism, for example, identifying sub-set of these projects that looked likely, and cost would be put against them. Through analytical period of numerous stages - 3 and 4 identified stages - all documented.

- Finally would get a draft agreement. That draft would have to work its way through machinery of federal government and also provincial government. Often there you would get a timing problem. In provinces, stuff can go through Cabinet the afternoon it's hatched, but it did not necessarily get through the federal machinery that quickly.

- Occasional agonized wails from provincial people. Nonetheless, it would bubble up through the federal machinery. Ministers would approve it - either approve the funding or the principle, and that would depend whether it would go through Cabinet or Treasury Board, would be a judgement call either by DREE Minister or perhaps by Board if they felt major policy issues were being broached they may want to have it go through Cabinet machinery.
By far the vast majority of initiatives came from provincial based officials.

107 or 108 subs; if take them year by year you would see numerous agreements. From center you did not see a structure to the early agreements. But over the years as for example minerals agreements signed with seven provinces; agriculture with six or seven; tourism with seven or eight, etc. What found were moving to system where possibility of federal perspective — national perspective. This ties in with subject of industrial strategy. Industrial strategy as intellectual exercise is vast desert. People talk about it, some people believe deeply in it, others do not.

What you had in DREE was the putting together of a whole structure of agreements which when you turned out to sum across them had a great number of points in common and the first two or three of those which hatched say in Forestry, were hatched in a bit of a vacuum. You used the local officials. But after two or three, the Federal DREE people could draw upon the structure of the previous Agreements which would be reviewed by the province in question and they would pull out of these things and the things they thought were sensible and put in things that applied particularly to province X or Y... Makes difference, as you looked across these agreements you would see local differences reflected.

In early 1979 BEDM, drawing on a DREE initiative, brought forth a "national forest products development strategy" which used the DREE instrument. First time that fed's centrally had gotten their act together across whole pulp and paper industry and put forward federal position and invited provinces to come forward if they wished to come into a forest products development program. The circle had been completed.

The need for coordination was never particularly great in the range of agreements, the effects of which were internal to any province. If there weren't any externalities obvious, provinces could put in elements they thought useful to them, e.g. Forest Industry Modernization in Quebec and Ontario each hatching their own schemes in a pulp market characterized by over capacity. Federal (DREE) started looking at the operations together. Became clear that if governments were going to start using public money to subsidize to the kinds of scale that were being talked about that we could quickly come upon an over-capacity situation. The problem was a classic in coordination.

The instrument grew beyond its original expectations. It started out to be a much smaller instrument than in fact evolved.

Forestry expansion was first time feds sat with provinces and very tough negotiations ensued saying we will not provide dollars for capacity expansion. Most subs are not doing this type of thing. Tend to be void of those externalities that require a true federal overlay where there really is a clearly marked federal role.

On GDA Strategy:

Lowe went for major policy review. He felt policy of special areas program was not working (too focused, areas became sacrosanct — couldn't do thing on outside).
They anticipated climate for federal provincial relations - these instruments are only reliable way for two governments to get things done. Not done under the umbrella of a "national" strategy, which puts us in awkward position federally, a position which is indefensible of trying to lay on "the solution" and then asking the provinces to the party when they say, we have our own interests here. What you need is a negotiation process, where interests of both governments are brought to bear on problems.

Love credited with being the moving force.

On Perspective of Federal Officials Approaching the Provinces:

- Varied widely across the country. In Quebec we faced most sophisticated planning mechanism in country (with Ontario close second). In other provinces capacity for "intelligent public decision-making" on necessary projects. "Necessary" - has analytical content. Most not just hatched as "good" things; they were subjected to analytical discipline where it was necessary to be able to demonstrate 'this plan' or 'this project' made sense. This meant for the first time you had to really dig for answers to justify and rationalize projects.

- In some provinces, we walked in a passive way and inquired as to what we might cooperatively work on. Those were provinces with fairly sophisticated machinery - idea was to maintain the federal viewpoint which was often non-existent in these fields.

- Until BDM produced fairly detailed studies (1978-1979), of each of the sectors, there was no particularly well integrated perspective across all sectors. That material was helpful to DREE. Helpful - that's not to say determining.

- There was no real formula in negotiating process ... no real road map to follow. Depended on the nature of the establishment the federal government was facing in particular provinces and in some cases on the quality of our own people. Some very aggressive entrepreneurs and others quite docile. Senior management managed those staff resources; DGs moved according to circumstances in province. Did you want to keep the lid on a certain program? Other times you want to rattle the cage. And that would have a policy base to it - it certainly had in BC.

- Thus, the perspective taken is that of the persons on the scene. But done within context of CDA. Agreement did set out certain areas of interest.

- Systems surrounding local officials insured protection that accords not signed that were not in national interest. Fisheries in Atlantic for example. DREE able to deal flexibly with problems of communities. No single province had incentives to do other than break at the common pool of resource. DREE AUM's problem was to manage his DGs each who were negotiating bi-laterally with provinces against a resource that had to be managed globally. Thus, just a general slowdown because federal Fisheries said until this is straightened out we cannot continue to pull at that depleting resource.
On Strategy:

- What GDA did, which was missing before was all there in the debates and so on surrounding the DREE Act; and Marchand's statements. In translation, DREE had become quasi-welfare oriented. Mentality focused too much on problems and not enough on opportunities.
- GDA is doctrinaire; concerned with setting up machinery; not particularly sophisticated; flexible. Provided framework for talking about getting at opportunities, e.g. Northlands; unique social focus; Fed not always willing to recognize provincial differences. Tendency was to want national strategies developed, leads to paralysis.
- We came to these policies inductively, not deductively; partly because we now have program structure that can reflect regional differences without sacrificing the federal interest.

On Whether Move to Consider Development Opportunities Affected "Analysis":

- Not sure. DREE not much experience. Nature of regional economics in Canada is not well understood.
- DREE impetus was more on equity, more on distribution, than now. (Not widely accepted notion though). Why DREE in West at all? If DREE not in the West we lose cutting edge of whole instrument; lose ability to deal with "the regional problem in Canada". Problem not of gap closing but of dynamic adjustment to the fact of differential growth rates.
- Love would say the problem of the GDA is the problem of economic development in a federal state. But you would not get a consensus out of a Cabinet that that's the way it is. Regional Ministers, still view DREE as means of helping their region. National perspective on regional problem is very hard to understand. "Social adjustment" was quickly submerged in DREE objectives - because it meant what do you do when nothing left for an area? Came to mean not tinkering but seeing that one cannot deal with industrial development, in all cases, and have to take base as it exists. There has never been political agreement on this. Politicians still aiming for, and believing in, homogeneous national standard.

On Bargaining and Influence of Analytical Work:

- In some provinces analytical work was quite important in others it was not. These days the analytics have become more important. Partly due to fiscal matters things are tighter than in earlier periods and thus choices have to be made.
- Also differences by classes of sub-agreements; some not lend themselves to easy analytical approach. Some analytical work did provide strong, even determining perspective, e.g. Northeast B.C. Coal Development. Determined in joint analytical effort to advise the politicians that it wasn't on.
- Analysis very often serves more to temper enthusiasm than it does to spirit things ahead.
Many ways to use analysis - "neat little weapon". Agreements always specify analysis but a lot of the stuff if you put it up on scale from 1 to 10 would barely warrant a 2, if a 1. Other times the stuff is very, very good and thoughtful and well done. Over time there has been general improvement in level of analysis.

On Political Influence on Analysis:

- Analysis as very important guide. Size of project perhaps more determining than political question. The bigger the more likely you need strong analysis to get beyond planning stage and through Cabinets.
- Federal recognizing national development interest in dealing with pockets of poverty even in Atlantic.
- If you set out geo-political units, resources, population, etc. you would not be surprised at the agreements which have come about, i.e. there is a sense of those agreements in global way as being not bad.

On Scanning:

- Very much so. DREE has now in 7 or 8 sectors a national structure of agreements. That is basis against which federal will assess the efficacy of their own national policies.
- The greatest tribute we can make to a place like DREE is that it will go away. Not that the regional problem has been solved but because no longer need the catalyst of DREE.
- Broad perspective has occurred more under aegis of MSED (BEDM) than in DREE. When it became apparent in DREE, it became apparent system-wide.
- DREE is a process, it is not a policy. It is very, very much instruments.
- Overview is largely a function of budgets. Overview in a sense forced on DREE in context of BEDM. DREE had one of few instruments that worked in the born-again world of the provinces in economic development.
- I don't think we ever did enough systematic overview work. We are going to have to start worrying more about inter-regional effects than in the past. This focus initiated by broader look at "economic portfolios" generally; spillover became a directive to DREE, e.g. Cabinet direction on Forestry Expansion in Ontario and Quebec. DREE developing programs and finding that needs whole system to deliver it. DREE had to be reeled in, e.g. DREE signs agreements with provincial central agencies, with their resource allocation people.
- What you very often find is this curious and unholy alliance between all the Tourism Ministries and the Federal Tourism Ministries who basically see the DREE instrument, and say what a wonderful thing tourism is. Of course in province X, Tourism may be an 8th order priority and yet you get this curious interplay of pressure where we get pressure from the Federal Tourism guys to sign an agreement on Tourism on province X, but
province X puts Tourism way down on the list; so you've got a 2-way kind of leverage going on, what you need is a process in which to sort that out. One of the reasons you find that DREE is always in difficulty with line agencies federally; it is not a popular place - a lot would just as soon DREE went away. (Major reason is) curious perspective DREE forces by working with central agencies of the provinces.

INTERVIEW NO. 4

On Decentralization:

- DREE is decentralized but there is less than complete freedom in the choice of policy instruments available to provincial Director Generals.

Why GDA:

- Feeling in 1970s that decentralization would aid coordination.
- Feeling that for department to have influence, it must be able to deal intensively with a particular region.
- Analytical resources vis-a-vis the provinces very diverse and this should be accommodated.
- Provinces wanted to talk policy, this couldn't be handled unless regional ADM and DG had policy-making role.
- Move to consolidate program instruments, far too many available.
- Policy review '72-'73 recognized that no effect felt on regional disparities in terms of unemployment (because participation rate simply increasing) therefore, move to recognize opportunities.
- Budgeting system and initiation and approval gave central control. Ability to judge whether a 'good' or 'soft' opportunity. Regional ADM and DG still had considerable influence.
- As Federal Government, policy decided in Cabinet; financial decisions made; TB approval of all subagreements.
- Coordination authority written into the law. But not considered as sufficient strength in itself. Quality of work is more significant in attracting support. Thus, analytical work is very important (with Finance for example). Used for persuasion purposes. Good analytical work will be recognized at the political level - they don't like doing stupid things.

On Financial Capacity:

- Periodic analysis of provincial financial capacity. Very careful analysis of this before GDA signing, e.g. dollars prepared to commit to Alberta still small and highly focused.
On Mixed-Scanning:

- Centered in Ottawa and concerned with major issues affecting regional development in areas where externalities were involved, e.g. international environment; and where the required skills not concentrated in DG or ADM; continuous and selective review.

On Policy Process:

- Both fluid and definitive. Rigid approach is unacceptable. Regional interests must be accounted for, interests which are dynamic. Process must be results oriented.

On Sub-Agreements:

- About 20/year. Much activity with very little argument because subs choose narrow target and allow complete analysis. Allowed a fluid process to become more focused, to seek definitive answers. Also allowed people to talk in concrete terms (encouraged by regional ADM, identifying themes). Concrete talk aids coordination. Abstract talk involves too many values and makes coordination very difficult. Hard analysis aids in making things concrete.

- Each agreement considered as a model; once 4 or 5 are signed, Ottawa says there should be such a program in every province and thus becomes national. Thus, growth of programs increases the coordination role for center.

INTERVIEW NO. 5

On Formal Coordinating Mechanisms:

- Interdepartmental - each sub had group of interested federal departments. Would get together for comments. DREE with direct negotiation role with province. Rarely would OGDs sit with province.

- Formal guidelines - only that which TB set down, probably in writing, demanding that DREE have joint session with line departments and central agencies (Ffn., TB, PCO, FPCO): Conscious of this guideline. No money without letters of accord from OGDs.

- Cases where controversy involved, and antagonism - still have to deal with OGDs; the sooner the better, especially if controversial. "Flag" controversial issue much earlier than formal get together.

- Formal session in Ottawa - brief presented. Well on toward end of negotiations.

- Within DREE - intradepartmental - regardless of personalities in region or in provincial office, there are definite procedures for flow of material from provincial office to regional to DM (e.g. bi-weekly report with content and stage of development). Quite structured. Even more than interdepartmental. Procedures laid down from DM office when Jack Francis acting for Love. They haven't changed from '73 to '79.
On Purpose of Procedures:

- Feedback; to get the money; where conflict or where contradiction in programming we can become aware at early stage and redirect discussions with province. Provincial office set in middle between federal (more centralized departments) and province (more decentralized). Negotiations are series of iterations, acting as honest broker. Prime function to get OGD awareness.

- If didn't have to do this, would go faster, but maybe not better. Final product with less chance of redundancy, greater rigor in terms of public accounting.

- One advantage in procedures in dealing with province - "consultation" exists between OGDs and DREE. There are multiple contacts with OGDs outside of province. Negotiation with province is more head knocking, much more rigorous. Having consulted with OGDs helps DREE negotiate with province in that they provide support. Province less likely to do end runs.

- DREE could act more as unitary actor. But never seen as total federal presence; but carried more weight as cause of consultative mechanisms.

- Where provinces tried to go around DREE (to Environment as common example) they found no reception.

- Financial relationships within federal also helps DREE programming, i.e. as focus for discretionary funds. DREE could assist other departments in obtaining objectives without using their own budgets.

On Central Control:

- Very strict in financial sense.

- For concepts - as long as articulated and rationalized in line with schedule to GDA, you could proceed without too much difficulty. Never said, "this year our objective is... forestry, or agriculture". Did not have a sweep of one type of agreements across the country.

- One exception in B.C. and perhaps Sask., i.e. Northern Highways, emerging from WEOC. There was central pressure for establishing across the West. In B.C. it became specific Highways project; in Sask. it became part of Northlands.

On a 1st and 2nd Generation of Agreements:

- Fort Nelson and 1st Highways only cases where difference between 1st and 2nd generation.

- In B.C. long hiatus before agreements in place because:

  1. changing political actors, change in government in B.C.; and
  2. B.C. (DREE) had well-defined area of agreement with province. Anything outside of that wouldn't get support.

- Not until '76 did anything major occur; excepting that coming from WEOC.
- Fort Nelson interesting in that pressure did not come from DREI or province, it came from articulate group from area, led by mayor who got support in provincial government to carry it through.

- Never felt major concern to get things off the ground, maybe feeling that B.C. well enough off. Very limited applicability in Alta. either. Most of what done in B.C. very closely linked to schedule in GDA.

On Variations in Central Control:

- Except minor variations resulting from personalities, central control including region has been constant. Two ADMs and two DMS. No marked changes.

On Decentralization:

- If local office doesn't do the identification of proposals it won't get done. But done in conjunction with other actors, other planners.

- Department couldn't be more decentralized.

On Direction From Executive or Management Board:

- Budget, annual cash flow, and broad dollars available, yes. But as to how does this fit into any national policy, this did not emerge. Some feedback on this through consultative process.

On Interprovincial Considerations:

- Was and is a concern, i.e. the lack of multiprovincial initiatives.

- Strong mechanical problems of increased numbers, human psychology, cost-sharing problems, i.e. different ratios were obstacle.

- Any concern over impact with other provinces handled internally on federal side, North East Coal for example.

- Need some mechanism for multi-provincial but less so in West, where large areas.

- Only one region in B.C. - only one sub-region which is part of another province, i.e. Peace River in Northeast. Elsewhere physical boundaries separate regions and separate economic activities.

- DREE could be more effective if could get multi-provincial.

On Informal Contacts:

- Makes interdepartmental contacts more formal. Both time, geography, distance and turnover meant using phone book.

- Negative aspect - longer, more fully explained.

- Positive aspect - more rigorous. Less blanket acceptance.

- Also factor in terms of morale. People posted lose old network and thus one career attraction.
- Over time, natural to become more and more comfortable with provincial counterparts.

- No real effect because continual relationship with other departments. Some OGs feel wary talking to DREE because they feel they are talking to guy from province. One of the risks of playing DREE role.

On Competition Between Provincial Offices:

- There are instances. But, provinces so different; all would agree that DREE belongs more in Manitoba than in B.C. and Alta. Thus, no competition over that sort of policy, but over resources there is. And most often managed by ADM.

- Any time initiative involves linear feature on landscape (power, pipeline, highways, river basin development) you will get delays because of process of consultation.

- Some will speed things up though. Example, port in B.C. Because of effect in other provinces they will encourage and will speed up.

- Hasn't occurred in B.C. Highways in B.C. were small and not conflicting with other jurisdictions.

- No case where anyone said "avoid that because of actors involved". Actors will come in proportion to money involved.

On Resolving Disagreements:

- Within province, all matters go the Minister of Economic Development.

- Within DREE, for matters of local concern, has been the DG. If conflict went beyond, would then be moved up. Has not occurred in B.C.

- Region and Ottawa will win if it goes further. But compromise is only solution. No heavy handedness.

On Role of Finances:

- Cost-sharing not seriously raised. Province has realized limitations of DREE money base.

- Issues more significant are:
  1. Concept and structure of the types of initiatives; and
  2. Control of implementation and manner of implementation.

- DREE does not use money as a lever in B.C. Everyone knows the annual budget of DREE is not significant in B.C. Whereas N.B. might be different.

On Approach to Negotiation:

- Not a joint endeavour. Partly because implementation very much in hands of provinces; and within provinces, lies in hands of different agencies. DREE main contact with Economic Development.
- Planning is not joint, multi-disciplinary. We do our work and they do theirs. Periodic visits to keep on track.

- As you approached signing negotiations became critical. Reflects political reality. Politicians would let officials carry issues until public event. Then more pressure (more rigor, wider range of inputs). Then Federal-Provincial people worked together more closely. Mundane issues like, "where signing", "who gives first speech".

- The only saving grace, politicians have knowledge that fighting must occur within GDA. Success comes in broad mandate, some constraints that GDA provides. GDA gives license to operate until near the end of the process.

On Balance Between Persuasion and Authority:

- No authority role with provinces.

- Elsewhere with OGDs, has to be persuasion because:
  1. DREE may have money, but are still intruding in others mandate; or
  2. Dependent on other agencies for money, e.g. Finance and TB.

- Once signed agreement, then can operate with authority.

- Makes agreements harder to get through. But higher quality. Have to provide better arguments; must accept criticism and changes.

- The regional planners, in way of expertise, are closest to DREE.

- Allies found in those who feel DREE is on the right track, and can change from issue to issue.

- FPROMost sympathetic of what was being attempted.

On Political Controversy:

- Analytical strength seen as the key to dealing with it.

- Our job is to marshall best analytical justification.

- Political controversy most often occurs approaching signing.

- DREE provincial office and provincial government joining as allies to deal with others in system has not occurred. There have been pieces of joint analysis presented in Ottawa but basically because it was from planning agreement. No hard objective data.

- Problem with going with the province - we both tend to lose credibility. We are functioning as honest broker and strange if came forward with joint analyses.

- Initiatives may be the same but objectives and priorities are different, e.g. travel industry - balance of payments was federal objective. Province could not have argued this in their system.

On Bargaining:

- Tends to be two hierarchies adjusting to each other; DREE and Economic Development. Either one may rely on others along the way.
- DREE is conscious of the need to have other federal issues resolved before sitting with provinces but can’t wait until everything is in line, especially conceptual stages.

On Consideration of Alternatives in Formulating Subs:

- Some very few - e.g. cost-sharing, implementation procedures.
- Sectorally, e.g. forestry or fishing, it can be wide open.
- When opportunities identified in ’73 and ’74 the whole province was looked at. This has circumscribed what DREE able to do since, in lower mainland and Vancouver Island, dealing with Natives, water resources.
- In B.C. the opportunities have stood up well despite changes. Things not having to occur in certain order. Changes in energy changed some of the things we went into, e.g. wouldn’t have gotten so quickly in intensive forest management and perhaps tourism. Also, important were changes in exchange rate. 200-mile fishing limit only looked at indirectly.

On References to Political Level:

- Occurred for specific issues. But not done as a package, i.e. how one project related to others. Few alternatives in ARDA because had precedent which needed polishing at edges. Industrial had more, weeded out at DM level.

On Factors Affecting Number of Things Going Forward:

- Based on what is felt to be known about certain sector, e.g. Forestry, much better base of knowledge than in Travel, wider scale of operators, private sector very much involved. Where little is known, better that Minister make the decision since he must ultimately answer for them.

On Economic Overviews:

- One major one, and up to four minor ones per year.
- Done to brief the Minister for annual GDA meetings. Where is province going in short to medium, not long term. Priority and problem areas, sensitive issues. Largely a political rationale behind them, and useful to back up financial, administrative and manpower demands.
- Overviews affect others in that OGDS will raise questions that we must respond to. Also affects DREE credibility - because of our desire to circulate these with OGDS, this helped our relationship with them.

Linking of Subs to Overviews: Each sub would be aware of what emerged in regional overview. Multiple subs would be good, but individual sub can still ensure that what is done is compatible with what is done in other provinces. Not having them doesn’t mean that multiple issues are being ignored. Regional papers tend to see what B.C., Alta., Sask., and Man. said, then identify regional issues. Issues not identified by regional ‘analysis’ as such.
- For issues requiring regional scope (energy, transport) should have large view, but then gets away from regional issues and becomes national issues, and fall outside of DREE's mandate. Where you have externalities it's a matter of degree. Regional development must focus on regional issues, which do tend to respect provincial boundaries. You must narrow the focus to this in order to deal with them.

- There are some efforts which link agreements with other federal and provincial initiatives, e.g. Industrial Development points out linkages with provincial ones. Also ARDSA does this. Awareness of linkages related to existence of precedents in other provinces.

- Linkages are a sensitive question because can tend to build up expectations in others with whom you consult.

- Very little need for interprovincial cooperation in data gathering and sharing. Lack of linkage concern in B.C. partly because of nature of B.C. economy as separate from other Western provinces. Also, scale of operations in B.C. is small relative to size of sectors; and, Agriculture sectors, for example, not competitive with other types in West. Differences make job easier. Able to focus attention more, were less competitive with other provinces.

On Regional Development:

- It is an effort to determine desired change in economic structure - in spatial, sectoral, or temporal terms. In B.C. spatial meant away from development in lower mainland and South Vancouver Island. Sectoral meant strengthen secondary manufacturing sector and processing in province. Temporal meant taking off some of the peaks and valleys in cycles. Regional means doing these things on a sub-provincial basis.

On Coordinating Processes:

- Dictating may speed things up, but may not be right. Coordination is important to quality - design, deliverability, objectives and results. Will take more into consideration if properly coordinated.

- Inability to dictate brings in other players. Without coordination capability DREE couldn't succeed, it is the sin qua non of regional development.

- It cannot be legislated; it depends on good will, and must have something other people want, i.e. some fiscal strength and perhaps expertise.

- The bargaining devices DREE has developed have defined a certain authority for itself in the province. The DG comes close to acting as the federal government in certain range of matters (not energy or defence). But those matters with economic and regional (provincial or sub-provincial) flavour. DREE has become spokesman of first water.

On Political Sensitivity:

- Very little. Not any obligation to avoid political controversy. Obligation to present data objectively.
On Industrial Strategy:
- Provinces have better defined strategy because issues they confront are simpler. Simple maximizing criteria. Quality of strategy is a function of size and complexities.
- The federal has industrial strategies, but nothing that we could specifically refer to, or take to province. By not having one, it removes some constraints you might have to work under. Not having a strategy was helpful. You can have things too rigorously defined.

On DREE and OGDs:
- Relationship was "delicately respectful". Careful not to step too far. OGDs not capable or willing to provide financing. Some manpower resources. They did not have funds available - DREE had the discretionary funds.

On Ottawa Contacts:
- Little contact, but don't feel alienated. Contact with most OGDs is not centralized; over time OGDs have come to assume greater authority in their field offices. We have dealt more with locally based OGDs. DREE has encouraged some decentralization among other departments.

On Sphere of Influence:
- Never a concern in B.C. Few external pressures on mandate, some from the province. Could maintain integrity, partly because of personalities - openness and rapid expression of conflict, no hedging. A matter of knowing areas where you can talk authority, and have the rest of the system back you up.

General Comments:
- Schedule as to GDA, every phrase tended to be meaningful; a limiting document; focusing spatially and sectorally and temporally; restraints. Survived two varying governments. Span over ten years, thus beyond electoral cycle.
- Must try to separate OGDs concerns - is it a concern with DREE, or is it concern over their own inabilities?
- DREE could not afford to be too far ahead of OGDs, other departments would seek to destroy it.
- Character of first generation agreements also possibly spatial orientation, e.g., Fort Nelson, Highways.
- First agreements were building credibility with provinces; thus no agreements of substance. Also this ground work re: the provinces aided subsequent relationships with OGDs.
INTERVIEW NO. 6

On Formal Coordinating Mechanisms:

- No formal guidelines, a number of instruments in place which do have the
  effect of coordinating, e.g. Federal-Provincial management committees
  review all projects coming forth under agreements (often two federal and
two provincial). Also, they report to each other on activities outside
agreement.

- In formulation stage, there is a formal process of concept to sub-agreement:
  1. conceptual idea,
  2. written up,
  3. some form of managerial approval,
  4. consultation, intergovernmental and interdepartmental,
  5. development of proposal, becomes draft sub and cabinet document,
  6. this is discussed interdepartmentally,
  7. goes to DM,
  8. DM Committee on Economic Development,
  9. Cabinet Committee on Economic Development,
 10. Cabinet approval.

Followed to extent that must have OGD meeting in Ottawa, thus most people
involved are in Ottawa.

- If officials cannot sort things out, goes to political level, e.g. industrial
  subagreement among officials as to types of initiatives to be built
into agreement. Main problem became how much money. Province looking for
$150 million, DREE talking much less. Provincial people got instructions
from Cabinet to adhere to $150 million; our instructions were firm on money
as well. Eventually, the DM and Premier got together and arrived at $60
million figure.

- OGDs have suggested locally that they are asked to implement projects that
  should not, and do not, match their own local priorities. Agreements dis-
cussed in Ottawa do not necessarily mean that local OGDs are in agreement.

- Example, fishing industry changed in two years since agreement signed.
  Fisheries should have contacted their Vancouver office. We are usually
contacted if Fisheries Ottawa is introducing something that might impact
on B.C.

- I take position that when I am negotiating DREE package, I am negotiating
  on behalf of Federal Government. If something impacts on OGD, I should
get their input - but I reserve the right to reject their advice - then
they have opportunity to input at OGD meeting, Cabinet level.

On Relationship Between DREE and OGDs:

- In terms of working relationships, quite good.

- At national level, relationship may not be as healthy as out here.
  Agriculture would like to get ARDS; Forestry wonders why we are into
Intensive Forest Management; Fisheries are concerned as to why DREE can
support projects in fishing industry; MOT wonders why DREL in Transport.
- Questions are always raised, but DREE can argue that OGDS not sensitive in past to regional concerns, i.e. efficiency oriented.

On Special Coordination Problems:

- Program delivery problems more so.
- Logistical problems. Ottawa moves in different world, different perspective.
- Decentralization aids check and balance process. We in B.C. can be better advocate of regional concerns because we are in region, relate to day-to-day with government; can still do it and argue B.C. case against centralist attitudes.

On Regional Versus Provincial:

- Regional means to me, Western Region. But can still have regional concerns within a province and the whole province itself. Regional can describe anything. Region as four western provinces is one step closer to national. Prime responsibility is to look after regional concerns as they exist in B.C., then the Western Region, then national.
- Only when get to Saskatoon, do we have to justify what we are doing in regional context. Each provincial office claims its own case is uppermost, regional office tries to sort them out.

On Senior Management Board:

- Minutes do come down to managers. Usually summaries rather than actual minutes. As manager, I see conclusions. You see directives and discussions which went on. It is a coordinating influence in that it lays the emphasis which provincial offices can monitor. Dollars are the firm item you can measure. Discussions are not only dollars but also other matters.

On Informal Contacts:

- Personally no problem with Ottawa contact in DREE. Contact also with OGDS in Ottawa. It comes about through OGQ decentralization, all activity conducted out of Ottawa. Provincial office in B.C. was not involved very much. Acting Director for almost 18 months. Previously, programming under incentives even handled out of Ottawa. We often heard about grants in the newspapers.
- No one in Ottawa deals with ARDSA, TIDSA, but with Industrial Development we have an in with Ottawa with our incentives connection.

On Interprovincial Coordination:

- There is concern for some consistency. Making sure that B.C. activity is policy consistent. Has this been faced before? What similar things have been done elsewhere and can we benefit? e.g. Industrial Sub, we looked at everything across the country and picked and chose including the Maritimes.
We have not gone beyond this because:

1. There has not been a multi-provincial sub. The mechanics are very discouraging; and

2. That consideration of multi-provincial issues goes up at Saskatoon region. They should identify common needs at least. The DM should do this nationally.

On Competition Between Provincial Offices:

- There is some. In certain areas we feel DREE B.C. is number one. We are best writers of briefing notes in Western Region. We are conscious of reputation and strive to maintain that. That is healthy. There has not been situation where provincial offices fighting over an opportunity. At that stage, the provinces would become chief fighters.

On Externalities and the Development of Subs:

- Externalities do not dampen your enthusiasm; it heightens it. Our main concern is B.C. But we must be concerned about adjacent provinces, e.g., coal. It involves major questions about impact elsewhere. These could make agreement more difficult if we saw that it could harm neighbouring province. We have national responsibility and would say no to such agreements.

- Externalities identified depend on the size of the project. If large market area, we have to look elsewhere to see impact. OGGs can also help in this area, because their focus is national.

On Role of Finances:

- Cost-sharing ratio is 50-50. Not usual to negotiate. The amount of money to any sub is very much negotiated and can very much become an issue, e.g., Industrial $150M to $75M. And Northeast Coal is very much a dollar related matter. That is why no agreement yet in.

- It can be bargaining device before agreement signed and in implementation phase. In negotiating Industrial, we made point that only certain money available. In B.C. the provincial officials get a money figure fixed in their Cabinet's mind and that comes back as a province bottom line. Then we have to say, forget the money and lets get other things in place. Money will be resolved at Cabinet level. In Implementation, you still have limited money and have to set priorities. Trade-offs becoming accepted practice. Trudeau said to Bennett, if you want Coal, you will have to give up claim to compensation pipeline. Bennett taking issue.

- Money is a particular issue in each province. DREE must spend certain amount to still maintain credibility in province. But if spend too much then loses credibility as a department concerned with disparate regions.
On Degree of Agreement With Province:

- Strong disagreement only on Lower Mainland and South Vancouver Island. We are not interested in these areas. The province believes that development should occur whenever (and wherever) it can. It has come up on every agreement.

- Generally agreement comes about now because we have some precedence. Once objective is found, then criteria do fall into place. Criteria is limited by objectives you seek. Some things we will not accept (some mechanisms, such as interest free loans). The province did not believe in grants, but they call them "interest free forgiveable loans".

On Sub-Agreements:

- Early sub-agreements had little analysis, based on "what can we do". More recently, a better evaluation conducted. Analysis can prescribe what agreement should be.

- Subs are more prescriptive in terms of present problems than long term development, although some mixture. Attacking a current problem though does contribute to future growth.

- GDA was long term development oriented, later programs are in this line, e.g. Industrial, Commerce, Industrial Parks are generally longer term. ARDSA is both long term and problem oriented. B.C. must produce more food in B.C. Forest management is all developmental, i.e. 60 years before any benefit.

- Fort Nelson was political. It was indication to province that you deal with DREE and that joint management mechanism could work. Highways came from WEDC commitment. Management system was simply transfer of money from federal to provincial. DREE was used as delivery vehicle only.

- ARDSA very similar to ARDA. Talked "comprehensive" planning. Vast number of similarities. Sub and GDA mechanism, multi-party, multi-sectorial, very similar to GDA. The ARDA legislation was Conservative and would not have been enhanced by Liberal government. The main thing GDA brought was decentralization. Decentralization was a lesson learned from ARDA mechanism, everything handled in Ottawa.

- After policy review, three things decided:
  1. GDA,
  2. Decentralization,
  3. DREE could not work without decentralization. Just as ARDA needed right people in provinces for it to work. GDA did bring extra flexibility.

On Overviews:

- Aim of present document to give federal system a sense of regional perspective. Little use made of them. We are quite familiar with what is in them. Ottawa took decision to have them done. Used more by other departments at the center. They are not written for this office. Is a
positive thing for relating to OGDs. They bring us respect. Also, useful for provinces unless you say controversial things.

On Analysis Supporting Agreements:

- Increasingly, more frequent. IDSA, very little technical analysis. Same as ARDSA, no comprehensive analysis. But we had done IPA which gave much information for later use. Most people knew the results of IPA but they put things in more useful form.

- Today, those agreements would not likely get through. The system is more mature (MSED, restraint, antipathy to public sector). Have to fight harder today, because in province that does not have commitment to larger public service. Thus have to convince both Ottawa and B.C. But B.C. are very capricious on that point. They have no reluctance to coming forth with many ideas. We have to screen their requests.

- Rationale for spending in B.C. has to be documented more completely now. Analysis used for building a case for Cabinet. Identify legitimacy, benefits, consequences of not doing it. With strong case you can deflect a lot of opposition. Others do not have time to do independent work. They only have maybe two weeks. They can do little analysis, but they should be able to judge the adequacy of the analysis.

On Regional Focus (Interprovincial):

- Important as limiting factor. Always conscious feeling that cannot do too much in B.C. and Alta. because Manitoba and Saskatchewan sitting over there. DREE cannot put all its resources in development opportunities in B.C. and Alta.

- Also on positive side, DREE can help in developing a strategy for Western Canada. Identify strengths, constraints, etc. We have not gotten to point, or ever will, where we can decide where opportunities are best located. The principle is there, but practice had not followed. Only multiprovincial discussion on some points, e.g. rural development people from all provinces meeting in Calgary.

- Given real interprovincial interest, the mechanism we have could be used. The question becomes finding the thing that is truly interprovincial. Fisheries, e.g. could only be used if there was a fisheries strategy that involved in all the provinces. Not if it only involved supporting fish plants. Then complexity in management structure creates some competition.

- DREE could become catalyst, bring actors together. Difficult to envisage management structure; needs to have something in it for everyone.

- National Forest Products Development Strategy, initiated by MSED. Could DREE simulate MSED approach? DREE needs money, mandate. Mandate come from being central agency. They have easier time developing mandate. DREE would encounter line department opposition. We could perhaps implement.

- Coordination may involve Cabinet directive that DREE be the lead agency. Programming may be done easier under GDA, e.g. Northeast, since contacts are made, procedures are in place. We are bargaining on behalf of DREE.
On Regional Development:

- A process, to bring government attention to situation in area of country, to expand and diversify, stabilize economic base.

- There is no distinction between regional and provincial development, all mechanisms applicable throughout province. Some agreements do exclude Vancouver and so. Island. DREE does not touch regions of Vancouver and Victoria.

- Much of DREE's involvement is economic development of provincial economies rather than regional development. If provincial development can still be considered consistent with broader regional notion then can still be major contribution to development. Special Areas concept was pure historical form of regional development, i.e. census division, artificial.

On Political Pressure and Analysis:

- Very little influence from political level. They may have some influence at decision-making stage, depending where it is made. There is policy interference but not political. Politics is not a large factor. Influence did occur, tended to sharpen the focus, e.g. if considering region for designation, call came from political level; that would sharpen my analysis to try to refute the claim. IDSA boundaries have not changed in spite of a host of political calls to change it from local MLAs.

- Minister can interfere, that is executive interference and is his privilege. But injury from Minister does not influence much. Minister has yet not altered any decisions.

On Agreement with Province on Objectives:

- First you get conceptual understanding. Determine grounds for public sector intervention. A conscious deliberate decision. Often you get a situation identified and then ask what can we do about it.

On Influence of Third Parties:

- Does not affect quality analysis. Some question over success rate of programs dealing with private sector, e.g. incentives. We do not know extent that we are influencing investment decision. Atmosphere changes as well. Great deal of uncertainty.

- Reason why so much policy is left to implementation phase, cannot decide on details in advance. But with some others you can, e.g. ASEP program, all details worked out before signing because we lifted it intact from another province (N.B.). Now in Manitoba and Ontario. Also, Part IV, ARODA spelled out clearly using RDIP formula. TIDSA did not happen in advance.

- In a number of them the details left out and allow for changing circumstances, i.e. amend guidelines and not the whole agreement. But basic principles requires perhaps more work but life made easier afterward. Fewer problems over dealing with guidelines.
On Perspective on Federalism:

- Nation building to deal with distribution problems. Free market does not work. Perspective has something to do with job in federal side, and 9 years in B.C. Most officers here and in West share this view. Our jobs involve redistribution and thus we are close to the question of federal power.

- One is conscious of political system, of political power (e.g. NE Coal, conscious that Liberal government may want Western visibility). Conscious that provincial Minister riding is NE.

- If you are aware of politician you are careful knowing that you may be audited politically; especially when nearer to an election.

- People want decisions accelerated at that time. Much of what we might call political is simply common sense, i.e. responsibility to my employer, the government. Sensitive to political controversy not because it is political but because it is controversy. Some self-preservation.

On Homogeneity Versus Heterogeneity in Policy Targets:

- Easier in homogeneous areas, easier to develop, to sell, to manage. The more complex the environment the more complex the mechanism. Practice seems to be that more programming in heterogeneous cases, i.e. where problems are not shared.

- Homogeneous agreements had strong central thrust, e.g. Special ARDA.

- Western Transportation, obvious that it should go as an agreement. But transportation is federal responsibility. Four provincial administrations saying federal policy is out of line. (Rail, highways, ports, Crows Nest, airports). Basically a federal problem. Maybe agreement has stalled because federal and/or MOT not convinced of need for change. Yellow Books identified transportation, Crows Nest, abandonment as real constraints but these were removed, because not acceptable to federal system. An example of DREE backing from its responsibility to sell regional constraints.

- Second generation agreements DREE has allies. More confidence and can now stand more on our own. MOT is one of our greatest haters.

On National Industrial Strategy:

- There is not a strategy. Province has some movement toward a strategy; they have identified where economy should move and what public sector role ought to be, e.g. resource development as major engine of growth; public sector role for this ought to be infrastructure. They have thought it out sector by sector. Not complete or comprehensive though.

- Province with strategy facilitates policy process for us. Province is able to vocalize with more authority, factuality, those areas it wants us to participate in. Presents some problems in that we are not quite ready, do not know where things fit into national fabric. Easier to deal with concrete well documented. B.C. has always said we are ahead of the feds in terms of strategy and thus create some pressures on federal system.
They are hard to say 'no' to. Province can come with very clear case to the bargaining table. National strategy might complicate our jobs, more basis for conflict with province, i.e. having to fit province goals into federal.

**On Provincial Analytical Strength:**

- Improved greatly last three years. Light in some areas. DREE not able to overwhelm the province any longer, if it ever could. In fact, province could overwhelm DREE. Our economic-analytic resources here are limited, and they are limited in time available. They are into other things, sub-agreement management, briefing notes, evaluations, management committees.

**On Decentralization As Aid To Provincial Planning:**

- Decentralization did strengthen the provincial planning abilities and perhaps has further hastened or added to centrifugal forces. Could move back to central strength but not with GDA approach. GDA success is factor of decentralization; without it, GDA will not work. Planning exercise did strengthen the province to apply greater pressures on federal government, making the whole approach work.

**On OGDs and DREE:**

- NE Coal is only real multidepartmental exercise we have had. Manpower, EMR, MOT, all contributed resources. This occurred in TIDSA to some degree with CGOT; Agriculture involved some in ARDSA. Happened in Coal because it was truly multidisciplinary, it involved mining, markets, transportation. These OGDs were invited in at the first. We recognized our limitation.

- WECC did say that all major developments would involve OGDs; but size and type and way you bring OGDs in is a major variable. Large projects require more formalized involvement. Analysis aimed at establishing a position, GDA approach could bring the others in.

**On Sphere of Influence:**

- We are conscious of it. Because any document to Cabinet usually comes to DREE for regional comment. We try to provide that influence at the center. Also, there is no subject area that is sacred; we have broadest mandate (exports included). We do not direct them to OGDs first. Province comes to us first with GDA mechanism and it gives us competence in most subject areas.

- Linkage to province is vital, considering the weak, vague DREE mandate. Province does not go to OGDs and this greatly strengthens DREE position, e.g. Coal; we are in it because the province came to talk to us about it.

- DREE-MSED roles conflict. You cannot have DREE coordinating regional development and MSED coordinating economic development. GDA is effective in delivering money for province priorities.
Provinces are becoming stronger and there is real question whether cross-provincial strategy could ever be applied. However, many differences are political between problems. Fewer are genuine economic. Differences are in implementation style as much as anything, but differences are still real and they feel strongly about what federal role ought to be.

**General Comments:**

- As restraint encountered, DREE must focus more on mandate than money. DREE may become more of a conduit between provinces and "umbrella" government agencies, MSE style.
- There may be a future rationalization of economic delivery programs, e.g. EDP (R&D component) and RDIP (industrial component).
- Each new agreement with provinces takes time for the new provincial department to familiarize itself with DREE. Provincial Departments not familiar, in fact suspicious of DREE.

**Interview No. 7**

**On DREE and OGDs Relationship:**

- We act as catalyst. Subs are very broad, and you need catalyst to get things moving. Planning is taking an area in total and you need OGDs to ensure comprehensive view.
- Subs are prepared on the assumption that provinces had done their planning. This did not happen. So we are heavily into planning. This must involve other departments. Planning occurs in implementation stage, because it was not done before, e.g. Tourism sub - had signed agreement and no clear notion of where to put funds.
- A strategy is essential before entering agreement. Strategy takes one to two years to develop.
- Analysis has not incorporated notion of, or search for, a strategy. Analysis will look at a single project but no broader focus.
- In planning stages, OGDs have on occasion not been brought in. People are not familiar with procedures, and look at projects as "my task".

**On Relationship with Region and Ottawa:**

- Region makes me sensitive to consequences of action seen in national terms; and Ottawa does this in the international case. They should tell me this, what interference, what inefficiencies, what conflicts. Also get the policy to us.
- People may shy away from multi-provincial because it involves extra work, and lose identity with end result.
- Main contact with Ottawa is with TB, main policy control.
On Procedures:
- Only to the extent of unwritten rule that whoever is involved will take in major, broad coordinating focus.

On Political input:
- Comes via strategy, e.g. NE Coal. If strategy is clear, there is little political input. Marginal issues can still be subject to political influence.
- Analysis can give different results; social aspects not amenable to analysis. Political arguments can upset analytical ones. Political input tends to limit consideration, and harden objectives.

On Coordination from Central Agencies:
- Comes via interdepartmental committees on sectors. Still rely on provincial government and DREE to ensure that OGDs contacted. Still an individual response; Ottawa has never said "you must".
- Only broad financial management guidelines.

On Role of Parliament, Standing Committee:
- Have not felt any influence. DG though spends great deal of time talking to DM and central agencies.
- We know we have to respond if any show of interest.

On Degree to Which Analysis Supports Policy:
- Very substantial.
- Can vary according to staff availability and what the province knows can be an intelligent guess. Some you have a "feel" and sense the importance of the job content.
- Analysis can be useful argumentative tool; can scale down ambition. It is usually only an element in the decision-making.

On Limits on Research Activities:
- There are conscious limits, based on political considerations, signing dates; these determine the chart of events.
- But does not impact much on quality. But province has not done its planning so we ensure this is built into sub. We need to get the statistics, objectives, gaps.

On Restraint:
- No impact in B.C. to date. Have not been able to spend all we have.
On Pressure to Implement According to Plans:

- If no planning done, cannot be too specific on projects in Sub.
- Sub is statement of intention. Implementors decide what to put on the
  ground, based on the planning done after signing.

On Notion of Development Strategy - Provincial and Federal:

- Not sure if province has strategy. Under Bennett (WAC) industry did plan-
  ning. Under NDP, tried to do some within the government. Under Bill
  Bennett, back to industrial planning somewhat.
- Not clear on federal side what strategy is either.
- Strategy would bend the argument in favor of whoever had clearer notion.

On Provincial Analytical Capability:

- Weak; often have to sacrifice quality for speed. Weak, partly because
  provincial wage scales are lower than federal.

On Improving the Approval Process:

- Management Committee of subs approve projects. This power has been dele-
  gated to federal members, but not provincial members in some cases, e.g.
  ARDSA.
- We must follow provincial regulations re: retaining consultants, e.g. if
  more than $10,000 need provincial TB approval, time-consuming.

On Liaison Between Formulation and Implementation:

- After project has reached advanced stage, then approach implementation.
  Edwards tends to skip over some things and then worry about implementing
  later.
- Example, ARDSA projects can come in re: fish plants on coast. Fisheries
  oppose, and so do provincial fisheries. This is implementation problem.
  We can do this sort of project under the agreement but, we send it over to
  Fisheries to tell us whether project can go. Analysis wasn't in sub
  because what Fisheries may not want today, they may want next year.
- Need central control even though we don't like it. We need to plan around
  a central theme.

On Importance of Broader Notion of Region:

- Very important for effectiveness.
- Regional office ought to take lead role.
- Perspective could be broadened by more contact between provincial offices
  on individual projects. We contact other offices on ad hoc basis, usually
  only with Saskatoon. We could meet more.
- Would not be upset with more central control. We are too parochial.

On Allies for DREE in Province:

- The province supports the DREE office, but depends on DG. He needs to be active, to act as catalyst.
- The province can give broad support touching on a number of points. OGDs are parochial in their own way and can't be looked to as allies.
- Director General wanted to be recognized and needed programs. He often tended to pursue line of least resistance. Means avoiding some OGDs, other provinces. Then leave it up to implementation to carry things through as a matter of intelligent judgement. Personalities play a very big role. Perhaps more direction would cut down role of personalities, but would only elevate someone else.
- Procedures would stifle thinking, entrepreneurship.

INTERVIEW NO. 8

On Use of Specialists in GDA Process:

- Director General claimed he negotiates, his staff discuss.
- Others tried to use special resources. Not very clear distinction.
- Specialists used for briefing notes on short notice and useful in talking with province. They can feel confident in analyst. Specialist in field gave sense of commitment re: decentralization.

On Procedures:

- If concept proposed (note that province have said they have responsibility for planning), we develop this into pre-conceptual piece. If concept meets needs for B.C. and for larger unit, it proceeds.
- Put initiatives within context of DREE and federal government.
- Inhibit individual development but ensure major rigor in Canada-wide standards. "How would this program affect other areas?" Procedures were not onerous - verbiage, through Region, concept-intent-content; money decided by Ottawa; some political expedient to all agreements; regardless of rationale, the political masters can still change it.

On Concern About the Balance Between Provinces:

- Lately, since restraint, there is some greater sense of trade-offs. Previously, this done internally (Ottawa).
- We knew DREE Quebec had almost a blank cheque. We in B.C. would need to build very good case. Competition was not between four Western provinces. B.C. initiatives do not identify with rest of West; resource bases are different.
On Political Input:

- Money limitations; to ensure public perception of progress. Amazing that prior to GDA, there wasn't mechanism for formalizing federal-provincial understandings.

- Executive Assistant to Minister provides input, i.e. "Political", the "political" comes from ADM and DM.

- Forest Management evolved from commitment between CEIC and provincial Forestry Service. DREE not involved at beginning and by time DREE in it, provincial position had hardened; unfavorable attitude to federal. Most negative politicking now from DOE, i.e. the Canadian Forest Service. We were told not to include CFS; animosity between federal and provincial forestry people. CFS approached Cabinet to get agreement once it was signed.

On GDA Negotiations:

- Process is compromise. There are territorial imperatives on both sides. Perception that you have to have conflict in order to agree, is part of bargaining process; give and take. Even if sense of agreement, there is still some fighting to establish that something has been accomplished. Even if disagreement is trivial.

- The development officer works at ironing out technicalities. Director General sees nearly finished product, with only key factors outstanding. Individual egos play a large part; each wants to make his presence felt.

On Balance Between Persuasion and Authority:

- Depends on whose money it is. If OGD money, they don't want DREE involved. If DREE money, can express its sectoral interests better. Restraint on DREE means less effectiveness, less impact, less clout in federal system. Province will do end runs to sectoral departments or to Ministers.

On DREE Partners:

- Federal side, FPRO. Never met anyone from provincial intergovernmental affairs group. There is mutual respect between DREE and province. Have to provide perception that there is distance between parties, but who else is there to work with?

- Even on the federal side, most relationships are with those that need convincing.

On Range of Alternatives:

- Province has put forth sectoral, problem-solving type programs. Not area type. Political will has not supported area type. Northeast was closest. Never came off because area dealt harshly with politicians of NDP government. One has feeling that problems posed were the political expedient ones and not the most essential. No overall regime for the province.
Province has had the money resources and can look at things in grander scale.

**On Mixed-Scanning:**

- Not done; restraint in the way and notion that DREE in B.C. has reached its limit. TB said no more agreements until DREE figures out its objectives in B.C. We’ve somewhat ignored it, although it will be a roadblock.

**On Limits on Analytical Process:**

- Serious time limits, imposed from up top. Explicit time frames given to allow prioritization.

**On Formal Procedures:**

- Do not aim for comprehensiveness. Only agreements that can recognize realities of the moment, the current state of federal-provincial relations, political and economic interests. Do not help in relating projects to Canada, to Western Canada. Would like to see more comprehensive, but that would be dull, without personalities in front place.

- GDA did aim for comprehensive. But human nature interferes. Adversary positions put forth disturbed the ideal. There is no venue for comprehensive without the territorial imperative getting in the way.

- Province won't sign large planning agreement because it's their responsibility, and don't want to plan unless some action tied in with it. Similarly, no point in scanning either unless some money for implementation available.

- Not sure if can have comprehensive planning with GDA. It starts off with broad goals, but negative process involves grass roots input and with operational focus, which would disrupt any overall planning focus. A central focus could bring more comprehensive, i.e. regional development fund. But DREE might get lost in the fund.

**On Federalism:**

- Nation building view, equalization is basic to Canadian system and needs strong federal presence for this. This perspective is implicit in one's work. Does help in defining position, keeping ones distance from the province.

**On National Industrial Strategy:**

- None.
On Provincial Industrial Strategy:

- They have put a general one forward. Decentralization out of mainland. But may never implement it. Not always easier to see provincial strategy than federal.
- DREE has lost its mandate as cutting thrust; now seen as more a line department competing with others, no longer taken off the top in funding.
- We only have a very subjective notion of national strategy, and a piece of paper on strategy in B.C. But this makes little difference in our analysis. Note that the lack of resources may force a strategy on the government.

On Direction from Region or Ottawa:

- Some. We have to put agreement through Region and Ottawa wording scrutiny. But does not really ensure any regional integration. B.C. is unique, calls for different approach. Western Northlands showed this. The NDP got burned in N.W., the North then died as a concept until ELUC finished its land mapping.

On Provincial Analytical Strength:

- Growing rapidly, but still on person-to-person basis; and changes from sector-to-sector; DREE has given money for economic evaluation that has helped develop their expertise. We're going to have a more difficult time in the future. Provinces could circumscribe process with more ability in analysis. Less reliance on personalities and more concrete.

On Ministerial Familiarity with Regional Problems:

- Very little; they don't have time to.

On DREE and OGD Relationships:

- Resentment to DREE for its "money taken from our sector interests", is the attitude of some OGDs. This is more manifest at local level, where lack of money felt most acutely. Local authorities are more involved in implementation phase. DREE is only agency with both planning and development function decentralized.
- Get along well with IT&C.

INTERVIEW NO. 9

On Coordinating Problems:

- Greatest problem is decentralization to two different levels. Three different power groups in Department for taking sub up; provincial aspirations not emerging with Region and Ottawa and you get dilution
on way through. Also time problem - one more level of management brought in. Everything has time pressure. As you get closer to end, more people want input. Pressure has come from Director General. Much of what happened here was due to DG and his management style.

- Every DREE office is different, with environment, and individuals.

On Decentralization - Does It Help in Checks and Balances:

- Very much so. Distance from Ottawa makes us orientated to B.C. somewhat; we try to guide B.C. into activity that rest of Canada can accept.

On Procedures:

- Haven't seen any routines. There is no formalized system. Idea drops, some event occurs - subs just emerge. Timing is crucial, depending on political attitudes and money available. B.C. office prides itself being first - with industrial sub, and travel industry sub (called that instead of Tourism because they have Tourism subs elsewhere). These have been copied.

- There is definite competition between provincial offices. Both healthy and not so. It comes in "our office is better" notions. Our responsiveness has been due to influence of DG, very clear idea of what he wanted to do. To him procedures would have been seen as harmful.

- Ultimately ones comes up against TB regulation regarding OGD consultation but almost total discretion around that point. Nothing has precedent - you feel your way along depending on individuals, the political scene. But you get better subs that avoid rigidity. Can deal with different attitudes of different environments.

On Erosion of Informal Contact:

- Has occurred and has decreased my usefulness. More difficult to contact others. Penetrating Ottawa system is important to relationship with provinces. We have penetrated the provincial system with contacts in each department; they rely on us at times for tapping the Ottawa system. We serve role of conduit and go between. But now are feeling increasingly out of touch.

- DREE is only federal department in B.C. decentralized to Victoria (except DND) all other to Vancouver. Gives us more power (influence) than most others' offices in DREE. We also play role of briefing federal Ministers from all departments.

On Effort to Coordinate with Other Provinces:

- Not much. Basically a B.C. process. Basic analysis will look at what impact will occur elsewhere (plus and minus). But don't bring any other staff in from other areas. There is a critical mass (small) of people who can become involved. With larger numbers slower, need more consensus, ideas become more dilute, very passive programming results. Should not
have to deal with other provincial counterparts; except if can use them, e.g. if someone has done program ahead of you, critical to determine their problems.

On Disagreement/Conflict:
- Usually posturing takes place. Normally B.C. says we don't need you.
- Always has been resolved in house. Working with very competent civil service - dealing on equal basis. Can be sure that if mistake made, it will be picked up. Each deals from position of strength, not a question of either side being supplicant, e.g. 50/50 cost-sharing. Greater split in federal spending would mean federal calls the shots.
- Ultimately, consensus often is forced. Further along the fewer people involved in decision. Fewer alternatives as go higher in system, can at times see better alternatives dropping off. Doesn't matter to me if province likes or dislikes what I do. I am a-political. Don't have to be political in B.C. My faith put in analytical abilities.

On Mutual Adjustment:
- Most people operate very loosely within their hierarchies. The provincial officers seem to hold closely to lines of authority - closer to their masters. We have no orders at all, we are reactive to orders made through provincial system.
- We must gain trust of provinces and know how they operate.
- N.E. Coal sub was unique. In it the governments said "what will happen if", truly prospective view governments recognized need for planning. DREE recognized that it has few skills other than coordination and management skill. Need mandates of many others. Saw DREE with money and others with no money but mandate.
- The many sub-committees established links with the provinces that every other sub has benefited from. Over 12 federal departments brought in. IPA didn't do this because was too early and all done with consultants. Done extraneous to federal and provincial system.
- N.E. Coal has involved massive data gathering because it was project specific; came out of IPA studies. Industrial sub was reactive agreement. Planning studies pointed out long lead times, infrastructure requirements and existence of "development windows", depending on private sector, political scene, which affected Coal.
- We don't know what resource development policies Ottawa has, must do best professional job.

On Importance of "Regional" Focus:
- We are set up as a regional department. But can see no sign of effective regional presence. Because no effective management coordination at regional level; when seek analytical support, not available when need it. Constantly being asked to respond to questions with little notice. Feel
little understanding with Regional. No B.C. presence in Regional. It coordinates only prairie activities. Partly due to management of strong DG - has seen Region as impediment; short-circuited the hierarchy. Under Mair, he was wrong character to deal with provincial system.

On Importance of Getting Subs Off the Ground:

- Critical. Province now have a federal presence in their planning, e.g. N.E. Coal, IPA, IDS A, TIDSA, Forest Management. Federal is everywhere. Each sub has planning and research component. B.C. government says stay out of planning, but we have gotten in through subs.

- Everything works on unanimity on subs, so no dissenting votes. Thus, federal can exert influence without provincial political pressure, i.e. decisions become committee ones without identifying personalities. Can bring professionalism to planning process which can avoid the parochialism and pressure from provinces.

- DREE plays vital intelligence role. 35 sets of briefing notes in past year. The eyes and ears of the federal government in B.C.

On Regional Development:

- "Regional" in DREE sense means Western Canada; "regional" in provincial sense means B.C. We adopt the provincial view of region.

- Our "region" is B.C., paying little more than lip service to broader 'regional' concept; limited to ensuring that activities do not harm other parts. Negative aspect of integration, no optimization.

- Offices do compete for money, regional office does not look at regional problems. Whatever regional does, does not filter down to us, e.g. transportation has regional implications; the regional office should look at these. But there is no political mechanism crossing provincial boundaries. No one has tried to implement multilateral agreements. We have stayed with small scale. Lack of political integration should not prevent broader programming.

- Coordination role, if fully played out, could come out with multilateral agreements. 103 people in regional, what are they doing for us - nothing. Perhaps we need new organization with new concept. Provincial focus is the easiest way to go, line of least resistance.

On Political Pressure:

- Does not influence analysis. In terms of timing it is constant pressure. Negative impact to some extent. But time pressure broadens scope because you must be prepared at all times. You gather a lot of information on many areas so that you can respond quickly when called on.

On Mixed-Scanning:

- Within DREE, shortages of man years and money, thus mixed-scanning comes in as survival function, something to do.
- No scanning done as such. Rather the opposite. Turn out summaries and prospects. Done on orders from Regional and sent to Ottawa. They don't consult with us when looking for priorities in Reviews.

- Overviews are not done for provincial offices; done without objectivity, for purposes of turning out paper. Trivial to our decision-making processes.

On Role of Restraint:

- With Director General had no effect. Depends on how people interpret restraint - valid or invalid. Has impacted in man years; fewer resources to do work.

- But if have good idea, fully argued, it can survive. Perhaps you have to justify it more. Criteria for selection are tighter - but does not stop work, only requires that it be done better.

- Our sub-committee work takes perhaps 50% of time away from other work.

On Federalism:

- Total centralist. If we had strong central government with some standards across the country, could solve many problems.

- Decline in DREE comes from succession of weaker Ministers. And within Ottawa we have gotten weaker. Our strengths lie out of Ottawa. Thin spread in Ottawa, not able to compete with other departments. Center offices have been total failure. Need regional offices in Ottawa. Of six ADMs, only two in Ottawa. All should be in Ottawa. Office locations do now exist in Ottawa for regional ADMs on same floor as Minister and Deputy Minister. But seem to be working locations rather than offices with any formal presence, e.g. no telephone numbers.

On Relationship with OGDs:

- Quite good. Traditional enemies in MOT, but they do not listen to anyone.

On Politicians Familiarity with Regional Problems:

- No. Pay only lip service to regional problems.

General Comments:

- Need for one year post-signing hiatus period where no money would flow under agreement. A period to work out guidelines, strategies, do some research. Largely a function of these things not being worked out at formulation stage.

- There has been great emphasis placed on development function (partly due to personalities in B.C.) and very little on implementation. Thus fewer staff, lower quality staff. But with the way the policy process is working out, the implementation function is where most of the hard bargaining tends to be undertaken. Thus, front end loading of staff resources, and skills and attention without resolving many of the substantial issues.
- The actual signed agreements are trivial in their own respect, representing only an "in" for the federal government. A mechanism for the federal impact on policy in regional development in B.C., not proof by themselves of that impact.

INTERVIEW NO. 10

On DREE Decentralization:

- Partially decentralized. It will probably be carried further down. We are decentralized to the provincial capital. If we were to become more of an implementor than just a manager and coordinator, further decentralization would make sense. We are the department with the greatest amount of decentralized authority.

- Decentralization does help with checks and balances. It is not most efficient way to run a bureaucracy but you get a sensitivity you could not get in centralized mode.

- It does put pressure on coordinating mechanisms. More and more lines of communication; possibility of breakage in communication, e.g. with other federal departments.

- Formal authority could help to clarify ones role, you can make your contacts with more power base if you have delegated authority.

- Bargaining process is one of filtering of relative priorities. Department has priorities as does the provinces. We have a theoretical maximum in terms of cash flow. Process is our way of filtering out, down to fine point, those things that need to be done. We have discretion over selection of policy mechanisms, formal authority comes in the allocation of resources. Some overriding policy is determined at Ottawa.

- Guidelines are given to provincial office in terms of kinds of programs one might expect or ratio of cost-sharing with the provinces and some perception of what provincial office is likely to get in budgetary sense. Within these guidelines, provincial office can program.

On Issues Which Filter Down to Provincial Offices:

- Things coming from executive board are more administrative than policy. Any DG who has programmed properly is unlikely to run into big policy issues that are contrary to departmental mode. So board concentrates on administrative questions, e.g. information system, personnel, financial economies, but policies are not really struck at that level.

- No region runs tight reigned operation of their provincial offices. DG must have feeling of dealing with problems on own authority.

- There is considerable bilateral discussion between one DG and another; also if issue is critical it may be subject to Cabinet Document to which all DGs will contribute. Thus, there are many channels of communication but no overlaying of policy upon DGs.
- We came at B.C. as representative of the department.
- But the provincial perception in B.C., because of relative lack of early contact and negotiation with other departments, tended to see DREE as 'the federal government' rather than just DREE. Thus, many pressures put on us because our mandate was not consistent with what province expected from 'the government', e.g. they were not remiss in favouring GDA objective which favoured hinterland of province (NW, NE, Kootenay) but at same time would expect us to come in and solve problems in Vancouver which is inconsistent with GDA and Departmental mandate; but is consistent with B.C.'s notion of what federal government ought to do to help them.

On Coordinating Influence of Central Agencies:
- Precious little. They tended to find out from us what was going on, rather than provide the coordination. We often were asked for briefing material for visiting Ministers, PM.
- MSED role, if any prioritization occurs, is more of determining relative priorities than coordination. A sounding board.
- PMQ, FPRO, TB, very little coordination benefit. Given that they are centralized, very hard to role play a coordinating function. They are not in the provinces, not having daily contact, do not know the sensitivities.

On Bargaining:
- In B.C. case, it was dictated very much by Cabinet Committee on Economic Development (especially Phillips and the Premier). They had preconception that they had lost out historically in not tapping federal treasury for joint programming. Would have preferred one cheque a year for their share, but realism crept in and they had to negotiate. We dealt with one central department which tended to reflect provincial development priorities struck by Cabinet Committee. We did deal independently with Agriculture, Tourism, Mines, but the prioritization of what to do, and which to press for, came from Economic Development Committee.

On Use of Central Agency in Province:
- Can be helpful, in they do not have to go with shopping basket and determine what the province really means. But if not getting along with central agency, perhaps because of personalities, experiences in other contexts, then can be very difficult. Good to have some options, never walk away from right to deal with individual departments.

On Range of Alternatives in Subs:
- It varies. With forestry, there may have been considerable policy discussion at Ottawa level, interdepartmentally. There would be fewer options. With tourism, lacking a national standard, you tried to focus on opportunities that seemed worthy of pursuit. Try to get policy applicable to province, then pursue the opportunities. Within the agreement you had flexibility to move back and forth as you needed to.
- What is presented to political level also varies. In N.B., things tended to be reflected on the Premier himself; he would then tell Cabinet. In B.C., Economic Development Committee tended to reflect all major conditions of the day. They would be asked if interested in tourism, then you could get further analysis.

- On federal side, DG given knowledge of budget, would be left to own devices as to priorities of subject material for subs. DG was expected to touch base with RADM, who would talk to DM. If DM had real objection that would be communicated.

- Next phase, when the sub was well along, other government departments usually in Ottawa would have it laid on them, saying, this is what we propose to do, any objections, any policy conflict, any clauses they wanted in it.

- Only cut Ottawa political level would get would be at final stage of sub.

On Analysis:

- Historically, our analysis was weak. So was the provincial analysis. Provinces had no planners. We lacked experience. The background leading to early subs not nearly as sophisticated as is now. This varies region to region on political grounds, e.g. Nfld. much less analysis than for B.C. Cabinet perception of need was much higher for Nfld. than B.C.

- Now, one has to be very good to get TB approval for sub because of restraint, and government prioritization process.

- Process is getting more lengthy. Used to be 3 to 4 months, now at least 12 months. Opportunities do not wait for 12 to 14 months. Flexibility is very important because in sectors, opportunities are not rigid, you need flexibility to deal with them.

On Nature of Subs:

- Early on, just carrying forward of earlier DREE programming ARDA lapsed into agriculture, agreements or rural type. Some highways agreements started out under Special Areas.

- When provinces had planning agreement, these tended to result in some significant ideas. When provinces did not accept these ideas, they generally lacked the planning base.

- There is not as much linkage of initiatives from one province to another as there ought to be. But we must deal with provincial entities. We rely on provincial governments to talk to each other, we do not interject ourselves.

On Formal Procedures:

- Approval process has formal elements. But squares not filled in precise order. Some basic steps, some built in regulation on obligation to OGDs. We have moral responsibility to touch base with OGDs; we do contact, the problem is often at what level you contacted them.
On Efforts to Conduct Mixed-Scanning:

- Happens when department holds policy reviews. As DG, there is not much scanning. Department does policy reviews, every 2 to 3 years, at these times DG can ask searching questions. We as administrators do not have time to do this, we are not futurists, we have no think-tank.

- That process would be important especially if one perceives regional development as seizing opportunities as they arise. If you have hard core disparate regions, their problems rarely change; in fact, they worsen; as economy improves the gap widens because more opportunities in affluent regions.

- Favor scanning, but aware that there are no new answers every day, there are only different shades of approaches.

On Regional Development:

- There is a requirement for a regional approach to some issues, e.g. Atlantic energy, Fundy power. But get into areas like agriculture where B.C. may try to promote some project or develop. On a national or basis it may not make sense, no hope for viability. We cannot get regional cooperation on things like grass roots as growing a crop, or raising cattle. We do deal with political entities. We do not have to promote inefficiency though, thus, we can bring some levelling in a regional context, in a negative sense.

- Lacking an agricultural policy for the country, on what basis would we not support the province?

On Industrial Strategy:

- There is no national industrial strategy. B.C. claimed they had a strategy, but when you looked carefully at it, it turned out to be very loose. But they had gone through the thought processes of determining what made sense to them in terms of market opportunities, population base and resource base. More a perception then anything else on their part.

- Importance of provincial strategy depends on whether we think it is a sound strategy to follow. In B.C. we had difficulties. To follow their notions, we would have to program in larger urban areas for example. That was out relative to our mandate. We were quite prepared to participate in strategy as it related to hinterland. We would not support a strategy that only concentrated on one area. But B.C. wanted industrial and spatial diversification so we found it easy to get along.

- Regional development must have a sub-provincial basis. We could not shy away from wealthier provinces, but had to concentrate only on rural, underdeveloped areas. We wanted to avoid strengthening the strong over the weak.

On Centralization:

- Some municipal input is important, but is a sensitive area because of
provincial jurisdiction. We could talk to towns in areas of federal jurisdiction.

On Perspective on Federalism:

- The nation building perspective is favored. National objectives must exist, must have strong core from which our activities can emanate. Partly a political process and partly control of resources. The capacity to push through the federal process is important.

On Homogeneity and Ease of Programming:

- We program on impressions. We want to do something because we think we can do something good, can change something. If province is homogeneously poor, money may get lost, i.e. no visibility and it may not have any impact, measurement problem. You have to know your impact if you are going to adjust programming for another context.

On DREE Influence, the Declining Expenditures and the Use of Provincial Support:

- We do not deny the impact of provincial pressures on achieving our ends.

- The concept of justice and equal opportunities has a real influence in Cabinet, even if DREE does not. Our problem is in trying to translate those fundamentals into departmental or cooperative action. Our department, which treads on many toes, must have a very strong Minister. If we do not have influence it is the PM's fault since he appoints the Ministers to portfolios. When low profile Minister in place, the government does not want high profile for department.

- There is need to translate regional development priorities into other department's programs. That is done through influence and this depends on the man.

- Dollars are shrinking, mandate staying the same. Thus, DREE losing influence. Money is essential at some minimum level. Mandate is tricky. Tough times, all departments are on your back to stay our of their areas. In buoyant times, less likely because there is enough action for everyone. You can enhance their spending as well. The rougher the times, the tougher it is for us.

- Can deal with influence thing - all Cabinet documents require some issues to receive special attention (language). These documents could have "regional development implications" as fundamental check point. This could call for their contacting us for expertise (a subtle enhancement of mandate).

On Provincial Offices Concern About Mandate With Other Federal Departments:

- Not felt strongly at provincial level. Depends whether you have agreement or not in the particular sector. For example, in agriculture, if you have agreement in place, we can generally get along with local people; then can ignore mandate fights which go on at Ottawa.
On B.C. Versus N.B. in the Development of the GDA:

- Differences:
  1. In N.B. fair amount of pre-DREE programming. In fact, a history of federal intervention long before a DREE came along.
  2. Also in N.B. province had fairly sophisticated hierarchy at provincial level. They made sure they had bureaucracy worth its salt, having accepted importance of federal involvement. The province was not wealthy, but its system was well linked.
  3. Plan developed in Ottawa. Btl. in antagonism prior to decentralization. When decentralization came, provinces had to restructure; some doubt if system would be better for provinces. Called for federal proof, that officials could get what they promised.
  4. N.B. Premier played major role. Required personal contact; atmosphere was such that could deal personally.
  5. B.C. had no tradition of joint programming. The province was more sensitive about constitutional rights. N.B. not concerned about their legal rights - i.e. 20 cent dollars were more important.
  6. DREE could not bring as much influence in B.C. The political process was different. Cabinet Committee, a formalized review process, different attitudes - "Federal haters". N.B. politicians viewed federal as necessary.
  7. In B.C. their own bureaucracy did not speak to each other. Physical separation. Ministers entered the administration process more. Much more political bias in B.C. In N.B. five or six people ran the system. You get to the point where you rely on each other, feeding information. As trust builds, candor increases, a dependency builds up.

General Comments:

- The economic political interface is vital and DREE is a major player.

INTERVIEW NO. 11

On Contact Between CGOT and DREE:

- TB directive re: CGOT participation in evaluation of tourism subs. Now CGOT becoming more active.
- Contact with B.C. made at point of signing sub on tourism.
- Involved in Ottawa somewhat before that, on management committee basis.
- More involvement tends to be in implementation stage.
- Greater focus on CGOT because of some implementation problems; and the fact that tourism seen as sector requiring planning input.
- Contact with DREE less at Ottawa level. Direct contact with provincial offices. Relationship is one of a spirit of cooperation.
- Problem is, CGOT has broad tourism objectives aimed at long term. DREE tending to look at narrow 'small business' perspective. A philosophical difference. Tourism B.C. should not have been signed until decision made on what to build and where. No strategy in place at signing.

- Input has been in market data; transfer of technology. Input from a national perspective. Regional perspective is something CGOT is just coming to, e.g., with the Canada West Development Program. CGOT has a top-down philosophy. National strategy, regional strategy, and provincial strategy and sub-prov.

- DREE approach has been the other way. DREE has ad hoc, case-by-case approach.

- DREE being decentralized more than CGOT, has positive aspect of being close to province, to reality. Negative element in the province had DREE offices get very close to projects they would like, some potential conflicts.

- Have the impression that when dealing with DREE, are dealing with DREE the provincial office. High profile office, perhaps done to the exclusion of other agencies.

On Procedures Governing Relationship Between Departments:

- Not aware of any, apart from certain obligation to contact other departments.

- TB could become more involved in executive management role. Note that CGOT had tourism industry development program which was cancelled and replaced by tourism subs.

- No real tourism linkage, in fact some protectionism - 'we want to do it ourselves'. DREE image of economic development using programs in one province, does not meet CGOT objective of provincial-regional-national development of strong Canadian product meeting international standards.

- Note that Management Committee of sub involves input from major economic ministries (Federal and Provincial) but ought to have some input from technical advisory groups such as CGOT as well.

On Efforts to Force a Consensus:

- Some efforts are there to push pet projects. Pressure from both federal and provincial governments.

On Range of Alternatives Considered:

- B.C. sub on tourism allows for almost everything to be done; wide open objectives. Lacks strategy - the policy and directions for tourism. Without strategy, you have economic stimulus tool without knowing what to do with it. What are we trying to achieve?

- All the political level see are the individual projects, no larger vision.
On Overviews:

- Not put to use particularly. More of value from Ottawa view, giving Ottawa some perspective of what is happening. Not written for operational level.

- Planning needs in tourism require the integration of resource development with recreation plans. Tourism is extremely sensitive to environmental factors and thus, this integration must be explicit. The overviews do not come to address this area.

On Use of OGD Resources:

- DREE could make better use of these resources; especially in implementation.

- OGDs could become more involved in policy master plans. But DREE tends to keep programs to itself, and other agencies not wanting to get involved in DREE efforts.

On Achieving Improved Coordination:

- Sub-committee and project team approach to formulation.

- Technical agencies and implementation agencies need to be involved at input stage. Concentrate on more than "let's move the money".

- DREE could do more marketing of its services in the federal system.

- Greater role by central agencies, e.g. TD.

- Depends a great deal on personalities, how open the individuals are and eager to involve others. DREE seems concerned about its sphere of influence in this regard.

INTERVIEW NO. 12

On Awareness of DREE and GDA Approach:

- Not aware of specific DREE or GDA strategy. Not involved in any analysis of involvement by DREE in agriculture in B.C. Only liaison was with the provincial government with officer in Victoria.

INTERVIEW NO. 13

On Input to DREE Initiatives:

- Main input to DREE programming has been consultation on projects after ARDSA signed. Fisheries opposed to new processing capacity, as is provincial fisheries; all applications have been opposed by Fisheries. Their opposition has been listened to.
INTERVIEW NO. 14

On OGD Role in DREE Activity:

- Not involved at the local level in either formulation or implementation. Manager does sit on a committee of senior government officials which meets from time to time to discuss matters of mutual interest.

INTERVIEW NO. 15

On First and Second Generation Agreements:

- Major distinction was period 1969-1972 we were trying to:
  1. Re-orient away from arrangements in place (ARDA, PFRA)
  2. To become more involved in communities and wider industrial area.
     More urban-based. Essentially as pilot project.
- Because department chose not to spend heavily in West Canada but mostly on Atlantic and Quebec.
- None of Bennett, Wier, Thatcher, Manning had close links with Pearson government. Whole period was that you could undertake limited number of items. DM felt federal government should be involved but he should know all the details. Politicians wanted to be involved. Got down to each school, each road.
- Under GDA, philosophy was there (area opportunities), Jamieson had authority and money to be very expansive.
- Early Sask. activity resulted from new thrust of Department. Sask. government recently elected; Sask. Minister was expansive man who got on with Jamieson. Task Force involved Lane and we brought in our own people; we did much leg work. I had worked in government of Sask. and know many of the senior civil servants; much basic thinking from political level down was shared.
- There had been detailed negotiations on Qu'Appelle that had been stalled in system; Steel had had much work, North had lots of detail on it.
- Compatibility has not been seriously shaken. People have to be able to adapt to a system.
- Delay in signing new agreements after the first rush resulted in part from the fact that it's one thing to sign agreement, another thing to deliver. Implementation took longer than expected.
- Public input and liaison with municipal governments greatly slowed down process. Public have not gotten concerned until right at implementation. Fiscal restraint on provincial and federal side also slowed process down. Danger of overload.
On Pressure to Implement in Early Years:

- There was build-up of pre-planning. Had a lot done as long as they were publically-controlled projects.

- Then period of time when basic planning had to be done, basic design and discussion. Tailed off a little; hard to keep government focus if they don't see results quickly, or controversy involved. Results in terms of seeing something happen, more than the signing of an agreement. Agreement was only commitment for funds, then the real work began in implementation.

- Not that much serious principle negotiation occurred after signing. Implementation would feel differently, i.e. that only concept was there, no firm plans, etc. Planners and implementers not the same people.

- Most of the position papers, the development issues, were set aside in implementation phase. Negotiations did go on after signing but of different order, on different scale of issues.

- Private sector agreements (e.g. Steel) one was totally dependent on speed they wanted to move. If market or environment changed, we could not urge them on. This was frustrating from implementation view. Easier to implement things you control yourself.

On National Strategy:

- No national one. There are some themes only. No hope of a strategy that doesn't involve all the provinces. Could have sectoral strategy as long as all provinces come up with something. If not, it could simply ignore the strategy and develop its own.

- In Sask. there are some themes, not all in one document.


- Where themes converge (Steel), no problem with province on that or agriculture processing. We had some disagreement on rural vs. urban areas. Has meant some of their orientation to industrial has been very small. Explains why no industrial sub in Sask.

On Perspective on Federalism:

- Province knows its area, must provide job opportunities and controls resources. Thus, they are significant partners in economic development. Very little federal can do unilaterally.

- But strong federal government and provinces can be compatible.

On Formal Procedures:

- Changed over time. In early Blakenay era, 6 or 7 key public servants could quickly get together, knew what they wanted. We had agreements on maybe 20 things but not enough money. We sensed on federal side the feeling that 'enough was enough' after first flurry of agreements.
- Now more complex. Intergovernmental affairs in Sask. involved. Not able to accommodate everyone now. More selective and that means more wars within the province and with ourselves as well. Also involves more time.

- Begin by looking at economy, where new concerns are, what we could do. Major focal point was annual GDA meeting. Forced discipline on both governments that was useful. This process has broken down in last two years because of federal elections.

- Intergovernmental affairs people want focal point for meeting.

On Importance of Regional Focus:

- More important in theory than in fact. In fact, it impinges in terms of size of the market, source of supply. No way for province of Sask. to say opportunity can go to nearby province. They must be loyal to propositions within their borders, and fight for those. Province impresses on us the fact that regional focus cannot be pushed too far. "There is good deal of interprovincial contact on issues not involving DREE or the feds at all.

On Partners to DREE in Formulation:

- The province is closest. They must believe in document. They put in money, they implement. Their fight with TB is often more than ours. Our TB fight is precluded, ours are locked into on-going financial commitment. Ministers don't have time to examine line-by-line which the province does, we have the general authority.

- OGDs and Region has to be brought on side; unless there is political crises on federal side that says move it, when things can move more quickly.

- Could have all of Ottawa behind you, but if province not in agreement, they wouldn't sign, e.g. Special ARDA in Alberta. If Sask. were pushing something, you would have more chance of getting it through.

On Activity of Senior Management Board:

- Quite a lot of influence; meet monthly. Our West group meets monthly. We get regular reports. It's where we get the tone. It's where we discuss and use as sounding and input board.

- To some extent it's a hierarchical device. You need some senior decision focus.

On Political Input:

- On federal side, comes from Minister. Also largely from senior executives. It's a dialogue process. We've met with caucus. We are sensitive to political arena, both federal and provincial.

- Political input is often disappointing. Often only ordering of agenda. More concerned about specific items (road) or who is getting the political credit. Have not wanted to engage in wide range of policy questions.
On OGD Relationships:

- Good. Probably closer at provincial level than at Ottawa. Highly collegial atmosphere. We meet from time to time. We are often sharing information and dealing with same pressure groups, what the regional minister wants. We do not make decisions for our colleagues on federal side. The differences in decentralization are often overstated. CEIC are well decentralized. Within program authorities, program is in place, regional directors have great deal of authority. Can also involve policy questions. Can get themes without going back to Ottawa. There are federal people at same level as me.

- They may have more problems in doing things but depends on personalities and on whether you are talking new or existing authorities. They try to act as team here and this makes them less timid.

General Comments:

- Note implementation problems after signing; local input.

- Credibility of department, and Minister and individual is vital. In the sense of can or cannot deliver.

- Pressure on coordination devices: Ottawa can give themes, money available, legal, political will, international focus, commercial interests, regional spillovers, expertise... But good quick flexible decisions require local decision, i.e. common sense.

- Did not sense OGD competition as long as more money than could be dispersed.

- Externalities complicate process: Must judge whether your case is strong enough or whether this opportunity will not "harm the giant". Management group gives notion on which problems might emerge. Provinces themselves watch what goes on in other provinces and then they approach DREE.

- There is fundamental agreement on values between DREE and Province. Why? Yellow Books and other overview vetted with the province. Overviews were very much a guiding document. There was also exchange of personnel - Yellow Book staff became Chief Planning Officer for province. We try to collaborate on themes. Bargaining determined by whether a priority, whether makes sense, ease of implementation, whether we will put money in.

- Less willingness to agree with "prospects" documents in recent years because there is different focus, implementors vs. planners; lack of new money; changing priorities; more complexity.

- Some complex things were done earlier on. Ottawa got into sectoral agreements which were simple to handle, although caused spatial department vs. functional department quarrels; at field level this can be overcome. They want to get on with things. Let them fight it out at the center.
INTERVIEW NO. 16

On Formal Coordinating Mechanism:

- Only formal one is DGs committee. Lane chairs meeting. Senior representatives from CEIC, DIA meet occasionally to exchange information. Lately have focused on native Indian in urban areas. Ties have been quite informal. Most have been as co-managers of subs.

- Communications with province largely informal; with provincial planning bureau. This is crucial linkage to Sask. Cabinet. Lane tends to have direct ongoing contact with number of DMs for variety of purposes.

- Annual GDA review also involves some formality. Key provincial and federal people come together to mutually agree on what the Ministers ought to agree on. 1979 with election, did not have GDA review. Hoping for one this fall, the first one in two years. Thus Ministers communication arrangement has been broken.

- Formal mechanisms are not the style of Sask. Continuous relationship, informally is. Provincial senior staff want to hold back and we need to be the aggressors, pulling provinces in all the time. Formal group meeting continuously might move things along better, more quickly. Now, work with individuals, and with restraint we are out of new dollars. If we want to talk new programs we need to shift money out of existing subs. Thus little incentive for province to set down and negotiate. Also, the province is going through development change, they are feeling more independent, especially their crown corporations. Prospect papers exercise in Sask., when draft produced, the province was asked to get DMs together for reactions to our draft. This was precedent setting in Canada. 15 to 18 DMs sat and dissected the draft. Document was validated. Also DMs brought into federal-provincial development process. Trying to achieve common ground. Gave province confidence in us. Document was more saleable as a result. Has been the basis of many provincial statements, e.g. Sask. throne speech. We found our views accepted with OGDs and DREE Ottawa more. Other offices viewed this process with horror. We saw it as a way of building sound relationship. We could not make statements unilaterally about Sask. development. Province has too much involvement and too much independence.

- We approach province as DREE the department, with the potential of bringing in OGDs. Try to down play our ability to represent the federal government. Provincial people have considerable respect for DREE and we can be relied on, we have delivered more over time than OGDs, except Agriculture.

On Regional Office Influence:

- Not affecting the relationship very much. Regional office seen as only more salaries. No instance of provincial by-passing the provincial office of DREE. Lane style has been cooperative, ameliorative. He takes in the provincial view. No antagonism at any time. Even if dispute, they would go direct to Ottawa, not to Region, e.g. urban native matter, Provincial Ministers going direct to Federal Minister.
On Central Control:

- Very strong regional influence on money availability. Executive Committee every 3-4 months discuss issues but little influence. There is fair independency here. Some programs involve broader focus, e.g. RDIA. On native issue, trying to develop a common regional data file. But we still do our own circumstances paper.

- Ottawa only brings financial influence. There is great deal of freedom and flexibility in early stages of dealing with provinces. When approach narrowed, getting to drafting of subs, then money realities come into play. We establish our own positions. Main criteria is balance between having an active DREE office, this means you have to satisfy the province, and satisfying Regions broad view of what should happen. Ottawa is very much third party.

On Informal Contacts with Ottawa:

- Ottawa contacts do not influence our efforts to develop common approach with province. DREE is grass roots operation, intellectual base begins at provincial level. We do not have a solid view of what the national state is. We do not know what our impact is, i.e. where Sask. fits in national context. This is real weakness in Ottawa. We have strong relationship with Stats Canada and ITC. Much informal contact with OGDs, personal relationships. Formality comes in when sub ready for sending to TB.

On Range of Alternatives in Developing Subs:

- Tendency would be toward comprehensiveness with the resources you have. Finally, decision made on things practical and feasible at the time. Process does become more selective near the end. Varies with sub. Depends on whether just talking of hole that needs to be plugged, a gap in programming. Can also isolate broad area, e.g. water supply. This area requires more detailed analysis. You are finally constrained by time and dollars.

- GDA experience has been catch up operation. Province was have-not area, needed to overcome income volatility. In recent years, economy has turned around. Now we are looking more futuristically but cannot do that when you are catch up situation. Sask. government itself comes up with document "Sask. into the 80s" so they are looking futuristically.

On Strategy for Saskatchewan:

- Two main ones:
  1. Sask. does not want boom and bust. Trying to schedule growth. Gradual growth of industry, gradual shift away from family farm.
  2. To utilize public agencies (crown corp) for much of programming. They want to control and reap benefits of development.
On Analysis:
- We are reasonably effective. Very pragmatic, very operational. Cannot play around with theoretical matters. Analysis is influenced by personalities. Other parts of organization, very close human relationships.
- Extremely useful in making enrodes with province. We do this by initiating studies that province do appreciate. We can point things out to province. We can use it as basic convincing tool.
- Useful also with OGDs, but tend to work much more closely with provincial government dealing with provincial issues. At early stages, OGDs are not interested or relevance is less.
- Prospects paper has made real impact on provincial government. Regional office has been developing more research papers on problems in Western Region. Province appreciate these as they can fit themselves into rest of the region. This focus has arisen because of independent view in Western Canada.
- DREE has come along as an ally fitting in between Ottawa and the provinces. Department speaks for and on behalf of provincial governments of West. Becomes a real interlocuter, intermediary. This is the real potential of regional office. Provincial office is also intermediary in this role.

On Mixed-Scanning:
- If issue is related to short list of major provincial concerns, it will get more attention. 6-8 areas of concern identified. We try to have organized work program. A six-month cycle of research activity recognizes that no long-term policies, constantly changing, issues change. Do not want to be locked into 2-3 year research program. Look at current problems, on fiscal year basis.

On Perspective on Federalism:
- Something between provincial and nation building. The provinces have a significant role; if they had greater say, there would be less building of little kingdoms. But redistribution still is important.

General Comments:
- Informality is style in Sask.
- Political homogeneity in Sask. has been a factor. Same government over years makes programming easier.
- Provincial analytical strength: Very uneven capability; somewhat weak. Best in Crown Corporation area and Crown Investments Corporations; DREE approach is never to overwhelm since that brings antagonism.
- Ideological appreciation of provincial approach is important; must be able to accept position.
Concerning sphere of influence; want to be seen as effective unit. Primary concern is building strong influence and commitment with provinces; knowing what the province wants help in influencing Regional and OGDs. But must not take provincial view as your view, not a front man for province.

If strong idea of federal priorities, you will have notion of this in your provincial priorities. Strategy would be important, would give an advantage.

INTERVIEW NO. 17

On Analysis:

- It amounts to assessing needs of an area you are expected to serve and then developing a program (i.e. GDA).

- Components of good analysis include needs identification - this is very evident through media, interest groups, provincial government. Province has good idea of what it needs; the feds could not program without the province.

- Some agreements analyzed more, some less. Agribition agreement was not analyzed much; just deciding on whether to put poney in. But Northlands, where wide range of objectives and instruments, and because working with many communities, there is much more work. Have to touch more bases, more OGDs. Also IPSCO, but it was first major subagreement and involved a learning process, and negotiated even before DREE was decentralized (Ottawa not as aware of problems and opportunities in steel therefore greater work).

- Assessing needs, developing program serving needs which have been identified. Consider wide range of objectives - infrastructure, housing social development, training, many communities. Analysis is sensitive to location, i.e. closer to the info resources. Analyst at disadvantage if located in Ottawa. Regional and head office simply don't have analytical base to bring resource packages to provincial offices. Also constrained by need to focus on all four provinces.

On RDIA - Subagreement Liaison:

- For example, Qu'Appelle, applicants need to meet two sets of criteria, one under RDIA, one under Subagreement. Earlier on, the Qu'Appelle agreement said projects had to meet RDIA criteria, but RDIA not suited to seasonal, non-manufacturing operations. We tried to get them to tailor criteria after N.B. criteria for incentives. They were not interested in Sask. government. We only have 2 or 3 active applicants, a dismal failure in my opinion.

On Implementation:

- Development and implementation section should be under common manager. Implementation have complained that they are not involved, e.g. Victoria,
each section guards their jurisdiction very tightly. Closer connection is vital. Lessons learned in implementation do not become incorporated into others.

On Formal Coordinating Mechanisms:

- We do not get much direction from Region or Ottawa. Initiative lies either here or with province. We do the work. There is contact with those above, but no direction.
- Regional office does get involved in some industrial promotion, e.g. "invest West" theme. Presents the climate for growth in statistical terms. Regional lacks analytical base and needs to focus on all provinces.

On Decentralization and Policy Formation:

- Checks and balances are there in the system. The local offices have great autonomy, as opposed to IT&C. Ottawa never enters into our scheme of things, except the DG - Ottawa is concerned with Quebec and Maritimes, not the West. We have to be very aggressive in marketing what we want.
- Ottawa does not understand the West. We have closer tie with Region however.
- Distance from Ottawa is an advantage, we can move programs along. Only disadvantage is you do not get to know people, and contacts.

On Disagreements at Provincial Level:

- We have very unique situation here, have DG who knows the premier personally, he knows a number of Ministers, and many directors. He is always involved politically with the province. He steps in and usually can smooth things out.
- This political connection is very important in this province. Some time we think he is a bit too close to provincial scene.
- We also have to deal with an ADM who came from Manitoba and his focus is still on Manitoba. This allows us to manage here without interference. It is likely that DG was chosen because of his knowledge of the provincial scene and his ability to liaise with the government. This liaison is most important to the provincial government.

On Balance Between Persuasion and Authority:

- Much more matter of persuasion. We attempted to persuade province for example, to get into industrial sub without success. We are seeing if lessons of B.C. can be used in Sask.
- We have no regulatory power. Ours is development activity working in consort with others, persuasion is vital.
On Analysis:

- Supports most policy decisions, i.e. agreements.
- Analyze past statistics, e.g. investment dollar ratio to incentive dollar is declining; thus more labour intensive projects; this raises questions about efficiency of programming.
- Analysis is a forerunner of any policy decision. Do it because development of and implementation of agreement takes years. Must try to be right the first time. Must understand what you are talking about. Risks of making mistakes are high.
- Virtually no attempt made to link initiatives on broader regional basis. Never heard it discussed. Virtually no linking with other federal initiatives either.
- There is some involvement of OGDs in specific agreements, e.g. Agriculture has money from Agriculture Canada, Northlands has money from Environment and from I&C.
- Analysis tells you who you must go and see. Matter tends to be one of, if we see conflict we will get others involved. You have to define what you want to do, and others might not agree.
- DREE has to be innovative, continually searching for solutions.

On Political Pressure:

- Have not seen any. Once you have analytical base and you use it and refer to it, you can use to defend your position against political interference. DREE has to know where it is going or it will get pushed around based on other's priorities.
- You have to weigh the advantages and disadvantages. If you can get agreement that is comprehensive, but takes two years, you might go for the more comprehensive one. Regional development is costly and time-consuming. Better to have worthwhile product even if it takes time.

On Perspective on Federalism:

- I have a great distrust of central government. Their interest is in perpetuating power, i.e. their power base in Ontario and Quebec need the attention. Ottawa does not understand the West.

On Development Strategy:

- Provincial has better notion of where it is going. They do not see industrial development agreement at a priority and thus we cannot get anything going on it. The GDA accommodates the desire of provinces. Provincial priorities are what we operate around. We have gone against the province on one occasion; the Weyburn inland terminal. Province thought it was anathema to small farm operations. But we felt strongly and went ahead. Otherwise we have to go along with what province wants.
- Provincial strategy is still not that clearly defined, and there are gaps. Industrial strategy is not something the province can claim to have.

- Local communities, e.g., Swift Current, are heavily involved in their own strategies. We get involved with them on industrial side. Federal and provincial can do what they want, but the community must get involved as well.

General Comments:

- Persuasion is antithetical to procedures. Cannot regulate persuasion.

- Regional development is not directly service to people, which lessens political component.

**INTERVIEW NO. 18**

On Procedures:

- They do exist on federal side; to province operation directions, to keep in step with procedures in any one year. Shows a system for making senior management aware of issues, activity, prospects, costs, likely time frame.

- Procedures also talk about methodology, i.e., bringing OGDs into picture to ensure harmony of programming.

- In fact, procedures followed more by their intent than in fact. We act informally; do not get formal structure involved until reasonably final stage. If you let formal system operate, it takes much longer. So you have to by-pass it at times.

- Ottawa places most importance on procedures, to avoid criticism from OGDs in not being consulted (could say "here our procedures are"). Also wanted to ensure that provincial offices were not going out making commitments without Ottawa involved.

On Decentralization and Coordination:

- Province and business groups are appreciative of working relationship. More reliance on informality.

- Relationships are very good at working level with province.

- There is always a trade-off between spending time with local client groups, you spend less time on attention to national level, to OGDs at national level.

On Relationship With Province:

- Is closer than groups in Ottawa; but not closer than contact with OGDs at local level.

- We do represent the federal government, not just the priorities of anyone who comes along. The DGs group with OGDs was set up to deal with this
problem. This group vets most major issues and changes in direction.

- We cooperate on unique, new mutual concern areas. If it is a situation
  where we have analyzed gaps in programming, we "trade off" cohere, use
  money as incentive, to get the province involved, i.e. bargaining.
  Bargaining can involve many agencies, and can be more centralized at
  times.

- Most negotiating done with individual departments. The central agency in
  the province was not an active participant in all agreements.

On Role of Finance:

- Probably the prime motivator for getting together with the province. We
  need money to offer, or other resources equally attractive.

- A key bargaining device are the dollars, can either offer money or some
  expertise that they do not have, e.g. PFRA technology is not generally
  available on the private market.

- Bargaining for resources within the department is starting to become more
  important. Before we had money, we had the political support to spend;
  we were funded beyond ability to spend. Now we have to document our
  strategy more carefully, only in last two years or so.

- Sask. was always in priority position, so we had ease of commitment. We
  have lapsed funds most years, so any one could have spent it if they had
  the ideas.

- PFRA is important in that they are visible and long term; related to
  important sector; have had some unique talents, done some unique things.

On Coordinating Influence from Central Agencies:

- Never felt their influence. They are brought in at the end but never
  exercised any advance direction. We identified the needs and then set
  out to address them.

On Range of Alternatives:

- Over time quite broad. But on any individual issue at one time, we look
  only at a few. No one has a very good model of how the provincial economy
  works; cannot say what specifically will work and how. Generally know
  the importance of agriculture, and importance politically, we know the
  provincial commitment to the sector. Not a lot of consideration of alter-
  natives. However, political people get their information from many
  sources, do not rely solely on departmental input.

On Economic Overviews:

- Used only in general sense, feeling the pulse of the province. Level of
  economic forecasting is not very good. Neither is ability to modify
  economic environment. Overviews are a philosophical, political document.
We share information and conclusions with the province. We are more likely to get programming done if the province supports them. Our analysis tries to reflect what would be acceptable to the province. We still try to ensure that data collection is credible.

On Linkage With Other Initiatives:

- Most agreements are catalytic types of action, or filling a gap, thus most tend to be multi-party; we try to coordinate.

- There is work done in becoming aware of what other provinces are doing, especially in later agreements. Interim agreements try to find out things about implementation; allows time to examine similar things in other provinces.

- Many times you see other provinces activity; this tends to suggest that similar effort might work in Sask.

On Political Pressures:

- There is some, in the broad sense; we try to determine the political will. But do not get political influence on specific initiatives. What political direction that has existed has both broadened and narrowed the focus, depending on individuals and the issues.

On Limits on Research Activities:

- We are quite conscious of time and effort devoted to research, i.e. understanding provincial economy, having up-to-date information getting together with the province.

- Basic data is more the focus now. Previously the focus was limited to narrow and more specific background data.

- Analysis is important because we do not understand these areas of the country. Programming has tended to reflect previous activity rather than needs, e.g. forestry has worked elsewhere, and here in the past, but maybe mining is the thing for the future. Analysis of '72-'73 was sort of "game plan research"; took an original look at issues.

- Our analytical system and quality of analysis depends on area of interest. Broad needs have not been identified by analysis, but by subjective views of opinion leaders. Detailed analysis then takes over and looks for specifics.

- Our analytical system has been better than provinces, and with this system we have influenced decisions on the micro level in the province by inputting to their system. But still the broad subjective information comes from provincial political system. This is where the objectives are set.

On Perspective on Federalism:

- Government programming should be as close to the people as possible. But also important that mobility and standards of service are similar. This need not be federal though, but perhaps easiest done by central government.
On Evolution of Agreements:

- Agreements first inspired by need to demonstrate a commitment, some cooperative ability to deliver.
- Then, they tried to reflect better system of prioritization. But high priority items have still been prevented by intervention of some personalities that did not agree.
- Early on, the expectations for DREE were greater than what has been accomplished. There has been frustration, this has led to decreased emphasis on DREE. But this may be changing. At a bit of a turning point at the moment.
- Easy development of Subs in early period because problems were obvious; 80/20 money easier to program with then 50/50. Province is more concerned about priority match when invests greater share.

On Responsibility to Avoid Political Conflict:

- Most often good to deal with cooperation, mutual respect. Use info base to convince. At some times confrontation is useful. Always part of negotiation armament. During latter stages of negotiation, definition of principles, and perhaps in implementation stages, when things going off track. Confrontation to ram thing through generally has downstream costs. Confrontation helps in defining parameters, to determine if general difference of opinion or personalities. Seldom occurred in Sask., except in weaker areas of provincial system where expectations were high and delivery low. They became defensive and self-conscious. DREE seen as threat to their existence.

On Contact With DREE Ottawa:

Some, but still incumbent on Ottawa to get out and see what's going on, not all the responsibility of the provincial offices. Very few regional and/or national meetings. Most interface is province going to Ottawa on specific concerns. Coordination - liaison function more with other departments than with other areas of DREE. Effect has been limited. Not as much regional flavor to nationally prepared analytical work.

General Comments:

Department needs plan for the 80s. No concept of how DREE might interface with other departments, with the East to West shift in economic power. Economic restructuring required. We can respond to provincial perspective, and to some extent regional, but no national perspective. Need a top down directive, sense of priorities, value strong policy sense.

- Change in will and interpretation of role could go a long way. Maybe a some organizational shift is required; stronger Ottawa official role in regional affairs.

- Sense of leadership could give regional and provincial offices a chance to take a policy package, set of priorities, to the provinces and get their reaction rather than always responding to provincial priorities.
INTERVIEW NO. 19

On Formal Coordinating Mechanism:

- We have no formal set of rules, we are concerned about objectives province wants to pursue and the money you have available. We have formal mechanism within the office in the form of a committee who try to bring ODGs in at early stage. Most coordination with Ottawa, with ODGs is informal.

On Approach to the Province:

- We do not approach as the whole federal government. But can go as the region, or as the department. Usually go as DREE Sask. Have had to remind Region that we speak for DREE in the province.

On Procedures:

- For standardizing agreements; tried to do this in last three agreements. Only plug in the economic circumstances and the programs and dollars (use same core wording) and the standard cost-sharing, and other provisions. Provincial government could want consistency, but we were the first ones to ask for it. Fewer items to negotiate.

On Control from the Center or Region:

- Money control, no other clear control, and none on a day-to-day basis.

- We are aware of the activity of senior management groups but no real influence directly, not a part of the communication flow.

On Role of Restraint:

- Does have an impact, because DREE will not have the incremental dollars. The provinces look at agreements as funding arrangements and new DREE money is fundamentally important.

On Focus of Subagreements:

- Not much future orientation. All things evident now are what we deal with; we can see them and deal with them, they are concrete issues; we avoid the abstract arguments and the political.

On Development Strategy:

- Not sure where either government wants to go. Province has crown corporation strategy, they have idea where they want to go. It is easier and more realistic to negotiate with those who have strategy. Agriculture is big, strong and know what they want to do.

- Executive Council is the common thread in all activities usually; they do research on politically sensitive issues.
On Economic Overviews:

- Provide the background data for agreements. Their audience is the public.
- We are concerned about using our analytical tools to help development work. We can go to province with figures, which can structure the discussions. Province are not as analytically sophisticated, they are not concentrating their information.
- Technical analysis should support every decision, federally or provincially. The early agreements were less sophisticated; now we have more people in place, more experience. It is interesting that once you move to the province, you begin to focus more on smaller areas in province.

On Effort to Relate to Other Provinces:

- Have to be realistic (e.g., could not support hog production in every province). But each province looks for cost-shared dollars; provinces do not join efforts to tap opportunities, it is not in their general nature.
- DREE analysis is unique to province, regional office people will tie in the regional analysis.
- Agreements tend to be used as models elsewhere; there is standard format but each person adapts it to his own methods.

On Perspective on Federalism:

- Distribution is important but it can be harmful to growth. Rather than emphasizing any one role, entire government role ought to be curtailed.

On Early vs. Later Agreements:

- Difference in management. Later agreements were smaller; have less money. Steel, Qu'Appelle, Minerals were large; we were taking federal initiatives in money terms out to the provinces. Agreements have not changed very much; even in management department budget, i.e. no new money from the province (except Qu'Appelle). This tends to put their noses out of joint.

On Direction From Ottawa, or Region:

- Do not see any. Provinces are distinct, perceptions are different.
- As it is, the approval process is too long, too many OGDs involved. If OGDs are not putting money in they should not get involved, takes too long.
INTERVIEW NO. 20

On Coordination:
- We have team approach lead by manager. Initiative can be taken by officer, or any manager, depending where pressure came from; also depended on role province played, where negotiations were centered. Team approach with two or three people involved on each side. No formal leadership between federal and province.
- Division of responsibility not based on strength particularly, not specialists. Forestry agreement; expertise came from CFS and from province; Agriculture came from the province (Agriculture Department).

On Procedures:
- Followed to extent that they are useful. But not any format followed; can follow any number of a set of rules. We only have general guidelines.
- Procedures serve to facilitate work, e.g. for TB submission, for UM approval. For building up momentum, for building political lobby, procedures can help to do that. Sometimes we can lobby through the province.
- Forestry done in two months, took results of sectoral task force from Ottawa which made recommendations. But analytical work is only part of task. The lobby is critical. Sometimes we initiate, sometimes we respond to it. Sometimes hard to tell the difference, e.g. no political lobby for Northlands, thus 2-3 years of development. IPSCU some lobby against it, thus took time as well. Native Development very little lobby, thus will take time. This lobby is critical. After lobby has developed, it is a conscious effort, then nobody can stop the agreement.
- Industrial Sub, political lobby against agreement, the chemistry at political level is not right.
- Everyone is aware of political factors.

On Provincial Office Responsibility:
- Office determines its own mix of measures. No direction comes down from Ottawa or Region. We look at goals first then decide on instruments. We only have 50% of control when it comes to the agreement overall with the province. Pressure for industrial agreement coming from Region.

On Role of Finances:
- The provinces are viewing us as fiscal transfer agency. Constantly wanting to know how much we can give, e.g. Forestry we told them what we thought, i.e. $12-M but only had $2 M in estimates at the time. Other times province want much more than we can commit, e.g. Agriculture. Because of this difference, we have had misunderstandings on the implementation of this agreement.
- The fight over money depends on whether fundamental agreement in the beginning; also, Sask. has strong fiscal capacity, they are not dependent on our money. We do not have as much control as we might have if their situation was weaker.

Other examples: Forestry - money was lined up first; Agriculture - a great hassle, programmer developed in the meantime, money settled near the end; Northlands - the money was unlimited; Industrial Development - no money commitment; Urban Native - a confused situation.

- We felt that if there is strong enough pressure, funds will come eventually.

On Nature of Prior Agreement With the Province:

- For example, Industrial agreement, no fundamental agreement on this. We want to help private sector, province not as eager. We do not want direct aid to provincial crown corporations, they do.

- All of agreements have had difference in opportunity identification stage, difference in opinion between province and federal. The province feels this is waste of money, we want to have some study done first.

- Province know they can get things put in agreements, which they will never implement, thus they can be less concerned with the exact nature of arrangements and measures called for in the agreements.

On Efforts to Force a Consensus:

- We try to write flexible enough agreements so that no trouble getting consensus at provincial stage. Leave problems for implementors. We want to get agreement to signing stage. Need strong pressure to get agreement signed, or little irritants will destroy agreement.

- It is also interesting to know why we did not get some agreements.

On Lobby Mechanisms:

- We start log rolling of paper; move paper at early stage to the province, then you have ally with province very early on. We sometimes have gotten too obsessed with our own paper work, get selfish. We must be seen to be sharing information, and the work responsibilities and the credit.

On Formal Mechanisms:

- Rely on informal processes. They have to work in coordination with the formal ones as well.

On Regional Focus:

- We are aware of regional needs, shortages, capabilities, intentions to some extent. We do not want to create imbalance. Agriculture, for example in hogs, we would not support this for fear of over-supply. We try to sell agreement on basis that it has regional and national benefits.
On Analysis and Mixed-Scanning:

- Some minimal level of analytical work, the amount required to sell the agreement. If too much analysis, it begins to alienate people.

- When we scan the policy horizon, we spend 25% of time looking at economic circumstances, we always have idea what is needed.

- Much intensive scanning has come from provincial initiative, i.e. "We are interested in...", e.g. Forestry done by consultants working for the province. Northlands, we did a good deal of analysis because really no lobby, we wanted Northlands. But no lobby there so we needed every aspect analyzed well. We knew that Manitoba Northlands almost got rejected, had to go to Cabinet.

- There are diminishing returns to analysis when formulating an agreement, there are conscious limits placed on research if the end aim is to get agreement signed. Now we have little money we can do a lot of research. Limits are thus to some extent self-imposed.

On Pressure to Implement According to Plans:

- Subtly there is pressure, or has been. With restraint, we have gone to more research, to more evaluation, makes us more responsible.

- Provincial election had a lot to do with our getting agreements. We put the pressure on, not the politicians, we knew that a hiatus would occur after the election, we did not want to see a lot of work go down the drain. Pressure was self-imposed. We used the dates to facilitate the agreements.

- There was ameeting of minds between the bureaucracies, did not think it would help political parties, all was bureaucratically motivated.

On Approval Process:

- Formal process would be too lengthy, so we avoid parts of it.

- With envelope system, it is more difficult to get money, a meshing of minds sectorally and spatially has to occur. We have to act more responsibly.

- We do use the provincial political system to gain influence with federal political system, even with our own Minister. With restraint and the present policy environment this is more important. One of the consequences of restraint - more actors, e.g. urban natives, municipal, maybe introduced to the process because there are no time pressures and the need is great to have this broad involvement as a component of any initiative taken to Ottawa. Also, more time and effort devoted to pure analysis including the focus on evaluation.

- Federal politicians do not see regional development as a priority, but they have been generally aware, especially at the Standing Committee level.
INTERVIEW NO. 20

On Formal Procedures:

- Each sub is different, we play each by ear. There is a rigid thing, a flow chart, but never followed.

- Process is interactive, conditions change, requires informal discussion, cannot set down formally.

- You can leave things out. Only insurance is that at other stages, Regina, Ottawa - they can check.

- Also, so many agreements in place that you can refer to others and cover the basics.

On DREE and Its Approach to the Province:

- Approach as DREE the provincial office, at first stage. We are an intermediary. Would not subsume OGDs under name of DREE.

On Political Input:

- Can come at very beginning if provincial Minister talks to Federal Minister. Other cases can evolve only much later after full official talks, e.g. Forestry. GDA said forestry had opportunity, but officials were on again, off again. This went to almost final form until Minister approached.

- Input can both focus and broaden the discussion of issues.

On Attempts to Force a Consensus:

- Not forced but strongly encouraged. Subs require salesmanship. We need to convince OGDs and can never say forcefully. We can say we will carry the cost this year, and you put it up in subsequent years. This could bring OGDs in. Financial incentive could overcome sensitivity of mandate.

- OGD involvement complicates things since they generally administer their own program involvement. This makes them part of the sub and yet not part of it.

On Prior Agreement With Province:

- In some instances we do. Industrial Development for example. In Forestry, in Agriculture we have insisted on some industrial development component. The province has not implemented these parts of the agreements. Funds get diverted into crown corporations. They cannot be seen as giving money to large corporations.

- Prospects paper are a basic agreement on values. Very useful in negotiations, but does not zero in on opportunities.
On Nature of Subagreements:

- Forestry: to cure forest management ills.
- Qu'Appelle: what should be done to deal with problems. Tourism portion of Qu'Appelle never rightly implemented.
- No tourism package in Sask. Philosophy is to keep our people home rather than attract others in. Province reluctant to look in macro terms at tourism problems and opportunities.

On Economic Overviews:

- Good background data on opportunities and constraints. Fair amount of interplay in preparation of papers. More credibility, believe-ability with Ottawa. OGDs like to get them. Some mandate rivalries exist but at working level things can get worked out. Overviews are background to all subagreements but not as integral part of any one. Background paper written on each sub, what province proposing to do, does it make sense.
- Analysis needed in order to sell agreement to TB, Ottawa. Depth and breadth influenced by how tough it will be to sell. With high provincial political support, analysis may be hurried, as an effort to prove that project makes sense. Some agreements analysis has been as little as one page.
- Others, for example IPSCO, very extensive analysis, because of concern in east that jobs taken out of Hamilton to Regina. Had something to do with political strength of each. If there is some opposition, analysis will be extensive. Also need to justify more if giving to private corporation where benefits accrue to private sector, rather than program with extensive socio-economic nature.

On Importance of Regional Focus:

- There can be influential input from regional office in sense that they do not want duplication. Our analysis looks at local industry, we cannot anticipate what neighbouring province will do. Regional office can liaise with other provincial offices to determine plans, or at least prevent DREE participation in competitive project.
- Regional participation in positive sense: e.g. industrial opportunities, identification may see that Sask. market is too small. Regional office has been looking at Western region market for identification of other industrial opportunities. Then making these data available to all provincial offices.
- Economic arguments make their case for Sask., i.e. why in Sask. rather than elsewhere; will soft play location of opportunities in other jurisdictions. Thus, economic analysis itself is a hurdle to "regional" focus in subs. Analysts will argue broader regional applications.
- Our focus is the province first, then regional second.
Regional focus might result in multi-provincial sub but would be very
difficult with different governments involved. One sacrifices the ideal
in favor of what will work. When talking development each province wants
everything, it is their nature.

May be cooperation on cross-provincial problem (drought, pollution) but
not in true development opportunity case. Each province will make its
own case.

On Role of Restraint:

- Plays a big role. When you negotiate and you know you do not have money
  it does limit your hand. Also, if you think agreement is very good, you
  will try to juggle funds and priorities in your favor. Bleed resources
  from other agreements in place, i.e. "cash manage".

- Restraint can both make you work harder, and make you say also, there is
  no money, why bother.

On Perspective on Federalism:

- Favor strong federal government; need strong national unit for inter-
  national competition.

On Provincial Industrial Strategy:

- Sask. is developing a strategy, i.e. "we want to develop resources and
  want part control, not total control". Strategy began in resource sector,
  now moving to industrial sector, and manufacturing.

- Very little federal strategy. Have a provincial strategy that you can
  work with, can respond to. DREE responds to provincial initiatives of
  opportunities. We are trying to come up with ideas but not getting good
  response from the province.

On First vs. Second Generation Agreements:

- Early agreements were result of WEAC; some analysis, but objective was to
  sign agreements; more general; geographic.

- Later agreements were response to provincial initiatives, more analysis
  done, more focused; sectoral (role of DREE is endangered with sectoral
  focus).

On Central Direction:

- No direction; some negative influence in terms of caution, what to avoid.

- Region is no better. Whole system is responsive. Gives fair amount of
  freedom to move but do not know if that movement is consistent with other
  areas. Direction would make task more difficult with province. Would not
  be simply yes men. But we should have less trouble selling things in our
  own system. We now only assume things are going to fit.
On Approval Process:
- Some agreements very long, others not, depending on electoral timing.
- Too much caution on our part can add time to agreements. Sometimes caution can add improvements though.
- If agreement takes two years to get underway, this is not an "opportunity".
- Forestry moved very quickly; one industry subs needs to move very fast.
- Lack of central direction should give freedom to move. But this has not been the case. I attribute this caution to Doug Love.

On Role of Political Conflict:
- Can be useful. There was some federal conflict on IPSCU, it made us do a lot more work.
- We always try to gain political support from province before we go forward.

INTERVIEW NO. 22

On Regional and Provincial Office Roles:
- Provincial office discretion has changed over time. Budgetary measures are forcing less discretion on provinces. Less free money; all committed money; lengthy sub process now; pre-clearing.
- Regional office function has changed as well - no longer in game of preparing subs; more specific agreements; response agreements; need is more obvious.
- The budget and political involvement have adjusted the nature of Dept. With tight money, coordination more necessary; cannot afford to have money unspent in one province. Regional function enhanced as a result. But perhaps offset by increased coordination between provincial offices.
- Regional Functions include: finances; consistency between sub (technical and legal) policy role in bringing federal initiatives forth; intelligence on other regional activity; coordination unit worked as generalists; experts in legalized side of work.
- Provincial Relationships: Marshall's perception was of independence. Both parties aware of the atmosphere; came from Eastern office where that style was workable; Marshall used Liaison-Coordination office in Ottawa. Lane is centralist, part of 'decentralization' staff; accepted and understood regional role more readily. More willing to use Region, better knowledge of individuals. But even with different perceptions, regional services to provinces wouldn't differ much. Perhaps was more compacted in some cases in B.C. but not all, e.g. B.C. Coal.

On Activity of Management Boards:
- Subs not really a part of Executive Committee decisions. Subs involve...
two processes - one-on-one, i.e. DG to ADM, and financial process, i.e. forecasts.

On Relationship With OGDs:

- Contact largely through liaison-coordination in Ottawa. TB involved little regional contact with OGDs in province, that left to provincial offices.

- There is a conscious effort for DG to contact DMs of provincial governments; DM of DREE would become quickly out numbered if contacted directly by provincial DMs.

On Analysis:

- Regional offices have not had great deal of involvement on analytical side, in terms of specific analysis needs, wants, program objectives, project identification. Role has been broader perspectives than sub; Manpower, sector related. The same can be said for Ottawa. This broader analysis may relate more to RDIA and other departmental activities.

On Input From Standing Committee and Others:

- Officials are aware of committee and take into consideration. House little involved; no great scrutiny of finances. Little political contact either, aware of Minister's personal policies and ideas though. Political contact comes most over constant mandate questions - Agriculture and DREE. This political contact can come when private sector contact as well.

On Options Provided to Political Level:

- Only primary option presented to Minister; no instance seen of options to Minister. Officials are aware of what is acceptable. There is much greater interest now among federal politicians regarding federal spending.

On Regional Focus:

- Regional approach becoming more important. Problems are of larger magnitude; meaning multi-provincial efforts, e.g. water, hydro in Manitoba. Regional office never able to force regional focus; even only vaguely able to highlight regional focus through prospects papers for example. Make regional problems known, perhaps political officials will recognize and react to them.

On Development Strategies:

- Alberta has good notion of where it wants to go; B.C. does not, neither does federal. Sask. not clear where going either, only a perception. One should not confuse priorities with strategy. Development strategy clearer for provincial governments than federal. Thus DREE responds to what provincial priorities are.
On Procedures:

- Early under GDA, procedures followed much closer - greater volume, lack of knowledge.
- More recently, less check listing from Region, volume down, process more understood. Procedural checks done at Region. Now standard clauses widely used. Procedures necessary for audit trial, and to support accountability needs.

On Constraints to Analysis:

- Yes, normal process 6-8 months; circumstances like drought can shorten frame; elections may be goal dated; as can decisions on major initiatives and constitutional questions.

On First and Second Generation Agreements:

- First - true concerns and priorities of province at the time; more interim agreements and studies.
- Second - more influenced by federal priorities; look by province at what DREE is doing in other areas, e.g. tourism. Provinces pushing federal into agreements; more clearly identified need; greater impact; more visibility; longer term; work done elsewhere; provinces are internally working up the analysis.

On Sphere of Influence:

- Roles change and must accept them. Coordination role lessened, man years reduced. "Expeditors" no longer so necessary. Regional office identifies with provincial offices more than Ottawa. Function comes from provincial offices.

INTERVIEW NO. 23

On Relationship With Provincial Offices:

- Region closer to provincial offices in past, but may be moving back to Ottawa.
- Marshall barely tolerated Region; Lane quite cooperative, but some sections were less so. Lane left more to individual managers.
- Regional office seen as having more coordination role than came to be. Two year power struggle led by Collinson (when DG in Manitoba) and MacNaught not able to resist. The role became support at the request of provincial offices, e.g. special assignments.

On Activity of Executive Level:

- Not filtering down to offices. Perhaps provincial offices fear Region becoming another Ottawa.
- Responsibility never clearly set out at decentralization; there was complete duplication at provincial and regional offices.

On Regional Focus:

- A necessary check or balance. Development and Analysis process should be done at either provincial or region but not both. Development and Analysis should have been kept at region for objectivity. Very close day-to-day contact does affect objectivity; also the emotional and political involvement.

On Development Strategy:

- Provinces react politically. No better or worse than federal system. Ad hoccracy rather than democracy. Crisis strategy will upset any other. Analysis would be good if we lived in planned society. Politics upsets analytical base.

On Central Agencies Involvement:

- Less than they should have. TB and Comptroller General should have greater contact, especially after approval. Maybe not affecting content of sub, but may have more efficient implementation. Planners produce, then the process breaks down. Implementation is lacking in follow-up. Few post-signing checks. There is an overt resistance to review; this cannot go on.

On First and Second Generation Agreements:

- There has been a trend away from comprehensive, as for example, Northlands. They have not worked. More specific now; restraint forces aims more clearly set out. Flexibility gives too much delegation to implementation over objectives.

On Federalism:

- Should be clear definition of federal powers, coordination and control. But practical planning left to provinces. Presence of federal should be more prevalent once decisions made. But avoid imposing policies.

On Approval Process:

- Too lengthy, top heavy. Duplication of Development and Analysis function makes presigning cumbersome. See DREE as microcosm of federal system.
INTERVIEW NO. 24

On Relationship With Provincial Offices:

- Region relationship varies with provinces; some hierarchical, some collabora-
tive. My choice would be collaborative, but ADM might not be as
collaborative. MacNaught might have allowed more DG role. With strong
ADM, region becomes stronger, more hierarchical, less matrix, can take
on multi-provincial dimension, more clearly see federal interest.

- Region involved in frameworks and budgets, not subs; a trouble-shooting
role.

- Active people went to field during decentralization. Ottawa left with
centralized and thus peripheral to what department doing, and unfamiliar.
This posed problems, OGD contact missing.

On Procedures:

- Process is new. There is formal guide. But that is inconsistent, with
federal-provincial approach where interests and agents vary.

- Work is done, then political climate becomes suitable for signing.

On Frameworks:

- May not become operational yet. Their rationale is developmental rather
than purely operational. Serve as a federal guide for discussions with
provinces. Yellow Books were influential for provinces and helped
explaining to OGDs.

On Regional Activity:

- Regional office in forestry, and tourism, then provinces got into them.
Also involved in removal of constraints work, e.g. water, labour short-
ages. Influence depends on quality of analytical work. For example,
Iron and Steel was dormant until regional analysis brought in.

On Linkage With Other Initiatives:

- Not good enough, i.e. whether sensible federally. Task Forces were good
linking devices. But drop off in their activity because better inform-
ally, Sask. uses the overviews more for discussion.

On Analysis:

- Would like to see more up front. There are staff shortages. Go back to
"interim" measures to do work. Major agreements tend to follow interims.

On Competition:

- Over signing of agreements, and type of agreements, and quality of work
and resources depending on DGs strengths. Region sees competition as
healthy.
On Mixed-Scanning:
- Region (Collinson, MacKay and Poyser), Lane, Marshall were key reviewers along with Pratt and Hill (informal grouping).
- Formal grouping was Executive Bd.
- Not much analytical work. Documentation, Analysis; Politics involved in scanning process, i.e. strategic planning.

On Restraint:
- Have to prioritize; become more evaluation and analysis oriented, which is more difficult because of few resources.
- Tends to aggravate relationship with provinces.
- Problem with it is that it is continuing and uncertain. Changing level of restraint makes commitment difficult.

On First and Second Generation Agreements:
- Second were better structured, more selective, better coordinated built into agreements, better focused. Were harder to sign, less political backwash; fewer, perhaps larger.
- Fort Nelson - the result of Minister's trip, "Worst Agreement".

On Federalism:
- Two legitimate jurisdictions. In regional development need cooperation of both. Institutionalized negotiation process ought to be the aim. Intrastate federalism is what talking about, i.e. the indirect province building model. National interest can and must be shown without enhancing federal power.

On Political Conflict:
- Marshall very capable at using political conflict. NDP in B.C. signed planning agreement, then nothing - yet they favored DREE. Socreds signed numerous agreements - yet they opposed DREE.
- Successful DG must recognize "window" and have package available to push through it.
- DREE has long history of federal provincial relationships and thus able to carry process from policy through to implementation. Became pragmatic as a result.
INTERVIEW NO. 25

On Relationship with Provincial Offices:

- Decentralization made work easier, less red tape. There may be some
difference between policy and program delivery. Perhaps policy could be
less decentralized.

- Provinces feel region is post office. Stems from fact that they want
autonomy. But they are too closely aligned to provinces politically.
Question whether this is good for region or Canada. Close alignment comes
from personalities and need to produce.

On Disagreement at Provincial Level:

- In no instance have managers gone over DG. Provincial office not going
to regional office. Would go direct to Ottawa and negotiate through the
newspaper.

On Regional Role:

- Staff function, dealing with accountability issues of money and acts.
There is some competition between provincial office and regional on
analytical side. There ought to be more analytical input. Input would
bring regional focus. Present notions are maximization of provincial
opportunity rather than optimization of the regional opportunity.

- Provincial office identify area, discussion, loose process, little analy-
sis, saleability, flexibility.

On Political Input:

- From DGs and ADM. Below this level, very little political activity.

- Opportunities generally of a 'go' of 'no go' nature given to political
level.

- Analytical input high, but most that is done is political in spite of
analysis.

- Priority "wish list" each year, only reflect strategy after the fact, all
provinces want what others have. No strategy, nationally or provincially.

On Federalism:

- Nation building notion. Strong federal role, better organization and
coordination. There is no regional development at the moment. Multi-
provincial agreements, impractical.
On Planning Agreements:

- Gave more analytical ability to provinces. Basis for negotiations, brought joint argument to OGDs and Ottawa. No alternative information, brings process along a great deal with little disagreement.

On General Problems:

- No central direction, goals, strategies. Ideas come from bottom up, very seldom direction from Minister's level. All are responsive.