

Regional Ministers, National Policies and the Administrative State in Canada: The Regional Dimension in Cabinet Decision-Making, 1980-1984*

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In the literature on Canadian political parties and cabinet government it is commonplace to view regional ministers as a phenomenon of the past. According to D. V. Smiley, the cabinet minister's role in "aggregating and articulating the interests specific to their provinces and regions . . . has been vastly diminished."¹ In a related vein, J. S. Dupré has argued that the "institutionalized cabinet," a product of the 1970s and 1980s, has limited the ability of individual ministers both to control their portfolios and to insert themselves into the intergovernmental process.² These characterizations are broadly accepted by Canadian political scientists; however, like all generalizations, they deserve periodic scrutiny and, if necessary, amendment.

The aim here is to examine these generalizations about the role of regional ministers in light of developments up to 1984 and, in doing so, to argue that the position of regional minister was diminished but did not disappear; that indeed during the last Trudeau cabinet, 1980-1984, the role actually was revived and to a degree institutionalized, and that even in its diminished capacity the regional minister system represents a

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1 D. V. Smiley, *Canada in Question: Federalism in the Eighties* (Toronto: McGraw-Hill Ryerson, 1980), 134. See also Roger Gibbins, *Regionalism: Territorial Politics in Canada and the United States* (Toronto: Butterworths, 1982), 201.

2 J. S. Dupré, "The Workability of Executive Federalism in Canada," in Herman Bakvis and William M. Chandler (eds.), *Federalism and the Role of the State* (Toronto: University of Toronto Press, 1987), 236-58.

significant, perhaps the only significant, element of intrastate federalism in the Canadian federal arrangement.³ Further, it will be argued that the success of ministers in achieving regional goals in the contemporary system lies in their ability to mobilize provincial governments, regional interest groups and segments of the parliamentary caucus; and that this mobilization is best accomplished *not* through the political party but through the resources afforded ministers by their portfolios.

While this article provides an overview of the role of regional ministers generally, the focus will be on the 1980-1984 period. By early 1982 the federal government had reorganized and expanded its central agency apparatus and collapsed and reshuffled a number of the line departments encompassed by the economic development portfolio. The ostensible aim was to increase the "regional responsiveness" of all line departments but, as will become evident, this experiment in organizational design went in a direction not fully anticipated by its originators: regional ministers were able to exploit administrative support within and outside of their own departments in catering to specific regional interests and objectives. Furthermore, this period saw the rise of a figure who can best be described as a "regional minister in a hurry," the Honourable Lloyd Axworthy, member for Winnipeg-Fort Garry, who held the ministerial portfolios of the Canada Employment and Immigration Commission from 1980 to 1983 and of the Ministry of Transport from 1983 to 1984. His case constitutes the example par excellence of how the administrative state can be used to bypass, or as a substitute for, the traditional political party as a means of cultivating political support and building political power.

Regional Ministers in Historical Perspective

Perhaps the most prominent of all regional ministers historically is the Quebec lieutenant, a position that can be traced back to the role played by Sir George-Etienne Cartier in Sir John A. Macdonald's first ministry. The role of Mackenzie King's Quebec lieutenant, Ernest Lapointe, in placating Quebec interests and in keeping King apprised of developments in that province has been well documented⁴ and illustrates the behaviour expected from the person holding this position.

Among anglophone ministers the names that usually come to mind are Clifford Sifton and William Fielding during the time of Sir Wilfrid

3 This constitutes what Alan Cairns calls the centralist variant of intrastate federalism, as distinct from the provincialist variant involving direct provincial government representation in central institutions. See Alan Cairns, *From Interstate to Intrastate Federalism* (Kingston: Institute of Intergovernmental Relations, 1979). It is argued here, however, that the activities of regional ministers have been far from centralizing in their effects.

4 Reginald Whitaker, *The Government Party: Organizing and Financing the Liberal Party of Canada, 1930-1958* (Toronto: University of Toronto Press, 1977), esp. 286-87.

Abstract. Regional ministers, it is said, have declined in importance over the past three decades. While granting the disappearance of figures whose influence spanned broad regions, this article argues that in the last cabinet of Pierre Trudeau (1980-1984) the regional minister system was to a degree revived and formalized within the context of cabinet decision-making. The impact of this system is examined with respect to regional development and employment creation programmes. To account for the renewed influence of regional ministers, attention is focussed on changes in the machinery of government and on the political and economic climate of the time. The case of one minister in particular, Lloyd Axworthy, suggests that a contemporary regional minister's success is dependent primarily on the ability to mobilize the resources of the administrative state.

Résumé. On dit que l'importance de ministres régionaux a diminué pendant les trois dernières décennies. Tout en admettant que l'ère des personnages dont l'influence s'est exercée sur de grandes régions soit révolue, l'article soutient que le dernier Gouvernement de Pierre Trudeau (1980-1984) a revivifié en partie le système de ministres régionaux et sa formalisation dans le processus de décision du cabinet. L'article examine les implications de ce système au niveaux du développement régional et de la création de l'emploi. La croissance de l'influence des ministres régionaux est vue sous l'angle des changements survenus dans l'appareil gouvernemental et de l'atmosphère politique et économique de la période. Le cas de Lloyd Axworthy indique que le succès d'un ministre régional dans la période contemporaine dépend en premier lieu de sa capacité de mobiliser les ressources de l'appareil administratif de l'État.

Laurier, and Jimmy Sinclair, Angus L. Macdonald and J. L. Ilesley in the governments of King and Louis St. Laurent. Perhaps the name most frequently invoked is that of Jimmy Gardiner, the Liberal premier of Saskatchewan until 1929 and minister of agriculture in the King and St. Laurent cabinets from 1935 until 1957. In many respects Gardiner was the quintessential regional minister; he was highly partisan, committed to the extensive use of patronage,⁵ and linked not only the Saskatchewan Liberal party to the national party but also western agrarian interests to those of the federal government. Indeed, Gardiner's career illustrated three major features of the traditional role of regional ministers. First, he succeeded in transforming regional concerns into national concerns; through his relentless efforts in cabinet and the effective use of his own department, the well-being of farmers (particularly western farmers) was elevated to the status of a national goal. Second, by imparting a distinct western perspective on national issues in the Commons and at the cabinet table, and in turn by relaying to the regions news and interpretations of events at the political centre, Gardiner was part of a system of what is termed the centralist version of intrastate federalism;⁶ that is, he acted as a regional advocate by injecting local interests directly into central government institutions,

5 Gardiner's use of patronage has been immortalized in Escott M. Reid's classic, "The Saskatchewan Liberal Machine Before 1929," in Hugh G. Thorburn (ed.), *Party Politics in Canada* (4th ed.; Scarborough: Prentice-Hall, 1980), 21-32.

6 See note 3; also D. V. Smiley and R. L. Watts, *Intrastate Federalism in Canada*, Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada, vol. 39 (Toronto: University of Toronto Press for Supply and Services Canada, 1985).

which are often accused of being regionally insensitive. Third, Gardiner's clout within cabinet "rested on the twin pillars of commander of the Department of Agriculture and lieutenant of the Liberal party."⁷

To be sure there were other regional advocates in the King cabinet, including Ilsley from Nova Scotia. But it should be noted that Ilsley played the role rather differently. He was much more suspicious of patronage than Gardiner and much less willing to assert the interests of Nova Scotia within the national agenda. King himself played a superb role in forging consensus amidst regional diversity and, thus, in keeping the system in balance.

The regional minister system has traditionally been important, both in symbolic terms and as a code of conduct affecting cabinet decision-making. From Macdonald's first ministry onward, the importance of regional considerations in the appointment of cabinet members has remained clear and can be ignored by prime ministers only at their peril. Witness the furor over Joe Clark's inattention to regional balance when he established his "inner cabinet" in 1979.⁸ What is less clear are the expectations relating to regional representation in cabinet. The role of Quebec lieutenant and the example of Jimmy Gardiner are frequently cited, but the former clearly has a special status not enjoyed by the others and Gardiner was in many respects in a class by himself. Nevertheless, there is evidence that regional representation within cabinet has involved actual power, that it was not restricted to a few, and that certain norms governing the rights of regional ministers were actually codified.

J. R. Mallory, in discussing limits on the power of civil servants vis-à-vis their ministers, notes that it is "politically dangerous to give Ministers untrammelled authority over the policy of their departments. Each Minister tends to have a sort of veto of executive actions affecting the part of the country he is known to represent in Cabinet."⁹ Given the nature of party politics in the early post-Confederation period, one suspects that some form of veto power existed from the beginning.¹⁰ In any event, the Laurier government was impelled to formalize this understanding in an order-in-council, dated June 14, 1904, stating that

7 David E. Smith, "Cabinet and Commons in the Era of James G. Gardiner," in John C. Courtney (ed.), *The Canadian House of Commons: Essays in Honour of Norman Ward* (Calgary: University of Calgary Press, 1985), 77.

8 Jeffrey Simpson, *Discipline of Power: The Conservative Interlude and the Liberal Restoration* (Toronto: Personal Library, 1980), 94-95.

9 Quoted in William A. Matheson, "The Cabinet and the Canadian Bureaucracy," in Kenneth Kernaghan (ed.), *Public Administration in Canada* (5th ed.; Toronto: Methuen, 1985), 268.

10 See W. L. Morton, "The Cabinet of 1867," in F. W. Gibson (ed.), *Cabinet Formation and Bicultural Relations*, Research Studies of the Royal Commission on Bilingualism and Biculturalism, vol. 6 (Ottawa: Information Canada, 1970), 1-18.

In the case of members of the Cabinet, while all have an equal degree of responsibility in a constitutional sense, yet in the practical working out of responsible government in a country of such vast extent as Canada, it is found necessary to attach a special responsibility to each minister for the public affairs of the province or district with which he has close political connections.¹¹

This evidence fits the interpretation of cabinet as a forum for elite accommodation, in which non-majoritarian norms play an important role in decision-making.¹² In this light cabinet is seen as an arena in which the major interests of the country, in large measure regionally based, are brokered by ministers. It implies an active role for regional ministers and points to the broader significance of the regional minister system, namely its capacity to integrate the Canadian state. At a lower level it also sees cabinet as a locus for resolving party disputes and hence ensuring the health and cohesion of the national parties.

This interpretation applies to an earlier era and is based on indirect evidence. There is always a danger, particularly in light of the alleged failings of current political practices, to attribute qualities to previous leaders and institutions which they may never have had. Nevertheless, the evidence does suggest that the regional minister system did reach a pinnacle of sorts under Mackenzie King, and that after his death the system declined. Under St. Laurent the actions of ministers became increasingly high-handed and were less directly tied to regional issues. This pattern led to John Diefenbaker's famous charge of "ministerialism," an accusation which struck a responsive chord in the electorate and which helped the Conservatives to victory in the 1957 elections. St. Laurent himself was less sympathetic and understanding toward regional considerations and, according to David Smith, Gardiner's failure to have his way in constructing the South Saskatchewan River Dam "signalled a readjustment in the balance of region and nation that had last been deliberately set in the thirties."¹³ As well, Smiley has noted that from the 1950s onward the mobility of leaders from provincial to federal wings of the major parties was reduced, further weakening the links between region and centre as mediated by the parties.¹⁴

Yet during this period regional ministers were certainly not absent; ironically, one of the more successful figures was the individual usually judged for his significance on the national stage—C. D. Howe. His performance as "minister of everything" undoubtedly overshadowed his role as regional minister for northwestern Ontario, but accounts of this period indicate that in the latter capacity he was remarkably successful

11 Quoted in Matheson, "The Cabinet and the Canadian Bureaucracy," 268.

12 S. J. R. Noel, "The Prime Minister's Role in a Consociational Democracy," in Thomas A. Hockin (ed.), *Apex of Power* (Scarborough: Prentice-Hall, 1977), 154-58.

13 Smith, "Cabinet and Commons in the Era of James G. Gardiner," 80.

14 Smiley, *Canada in Question*, 136-37.

in achieving such regional goals as the development of Algoma Steel in Sault Ste. Marie.¹⁵

The decline in regional ministerial influence probably arrived a decade later. During the 1960s party politics became more national in orientation; cabinet posts which in earlier times were seen as regional fixtures, such as that of minister of agriculture, became more functional and less regional in character.¹⁶ Except for the attention focussed on Quebec, the cabinet had much less of a regional orientation and the federal-provincial first ministers' conference became the primary arena for the brokerage of regional/provincial interests.¹⁷

This trend was reinforced with the arrival of the Trudeau government in 1968 with its proclivity toward national programmes and its stress on rational decision-making and rational management. Although Pierre Trudeau did create departments like the Department of Regional Economic Expansion (DREE), the development and implementation of regionally targeted DREE programmes often occurred outside the purview of regional ministers.¹⁸ It was also during this period that government, and the process of administration, grew increasingly complex. Above all, by the late 1960s the "departmentalized" cabinet had essentially been displaced by the "institutionalized" cabinet. In the case of the latter, J. S. Dupré writes: "Various combinations of formal committee structures, established central agencies, and budget and management techniques combine to emphasize shared knowledge, collegial decision-making, and the formulation of government-wide goals and objectives."¹⁹ This process decreased the relative autonomy of individual ministers and their departments, weakened the Department of Finance, and centralized the intergovernmental relations function in the hands of the Prime

15 It has been argued that the development of Algoma Steel occurred primarily at the expense of Dominion Steel and Coal (Dosco) based in Sydney, Nova Scotia. See E. R. Forbes, "Consolidating Disparity: The Maritimes and the Industrialization of Canada during the Second World War," *Acadiensis* 16 (1986), 3-26. See also Robert Bothwell and William Kilbourn, *C. D. Howe: A Biography* (Toronto: McClelland and Stewart, 1979), 247.

16 A. Paul Pross, "Space, Function, and Interest: The Problem of Legitimacy in the Canadian State," in O. P. Dwivedi (ed.), *The Canadian Administrative State* (Toronto: University of Toronto Press, 1982), 107-29; Gibbins, *Regionalism*, 202.

17 See Richard Simeon, *Federal-Provincial Diplomacy* (Toronto: University of Toronto Press, 1972) on the increasing importance of this arena during the 1960s and 1970s.

18 Peter Aucoin and Herman Bakvis, "Regional Responsiveness and Government Organization: The Case of Regional Economic Development Policy in Canada," in Peter Aucoin (ed.), *Regional Responsiveness and the National Administrative State*, Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada, vol. 37 (Toronto: University of Toronto Press for Supply and Services Canada, 1985), 62-63.

19 Dupré, "The Workability of Executive Federalism in Canada," 238.

Minister's Office, the Privy Council Office and later the Federal-Provincial Relations Office.

Thus, in many respects ministers found themselves in a more complex cabinet system that placed increased demands on their schedules, reducing the time available to exercise their own ministerial, let alone regional, responsibilities. The portfolios themselves became more difficult to comprehend and hence to manage, which meant that it was harder to use departmental resources for specifically regional purposes. The vertical perspective required in a line department portfolio had never meshed very well with the horizontal, cross-sectoral views that normally result from a regional, grass roots feel for political issues. But at least in the past a minister's control of a line department could be used to good effect in fulfilling regional obligations. As well, portfolios typically were matched with the minister's region. Thus agriculture has usually been assigned to someone from the prairies and fisheries to a representative from Atlantic Canada.

At the same time, while the role of regional minister became much more restricted, it remained important for dispensing patronage. The government party's organization continued to be sustained by the numerous order-in-council appointments made to boards and commissions reporting to line departments such as Transport or Fisheries. By the early 1970s, after the ill-fated experiment with regional desks in the Prime Minister's Office, the prime minister designated a regional or "political" minister for each province whose primary role was to supervise the dispensation of patronage. By virtue of nominating the heads of the provincial-level "federal affairs committees," which were responsible for developing lists of suitable names for patronage positions, the regional ministers were able to exercise effective control over the federal party apparatus in their home provinces. This resulted in the emergence of several influential regional ministers, but even so it was a situation which stood in sharp contrast to that prevailing in the Gardiner era when the provincial and the national party were linked together through the regional minister. The influence of Otto Lang, for example, extended beyond Saskatchewan into Manitoba, but it was restricted to party matters, specifically those of the federal wing of the Liberal party. Moreover, many would argue that Lang failed to use his portfolio (Transport) to the benefit of the region, and in several respects his national stature was greater than his regional stature.²⁰ Indeed, as a consequence of party reforms introduced in the 1960s and 1970s under the rubric of participatory democracy, provincial and federal wings of the Liberal party tended to be at odds with each other, and nowhere was this more pronounced than in Saskatchewan.²¹

20 David E. Smith, *The Regional Decline of a National Party: Liberals on the Prairies* (Toronto: University of Toronto Press, 1981), 138.

21 *Ibid.*, 66-67.

Thus, throughout the period 1968-1979 regional ministers found themselves restricted both in geography and in the extent to which they could address regional issues beyond those related mainly to patronage or party matters. Yet there were other developments. As in earlier times, influencing appointments to boards and commissions and the location of wharves and post offices continued to be fair game; but, it was soon discovered, larger benefits such as aircraft maintenance hangars or factories relocating under the *Regional Development Incentive Act* incentive programmes could also be obtained providing one had the appropriate influence. This was not patronage in the traditional sense—the links tended to be more with blocs of voters rather than with specific individuals—but the payoffs for politicians were considered to be very high.²² In part the means used were the time-honoured techniques of horse trading and logrolling, and the effective use of one's own portfolio. Allan J. MacEachen was past master at reciprocal exchanges, creating obligations by his adroit handling of the Commons while he was the government's House leader, ensuring that there was no dissent in the Atlantic caucus, and carefully identifying and then stalking the desired object, whether it was an oil refinery or a Canada Post philatelic centre. Romeo LeBlanc is another example of a minister who mobilized his provincial caucus behind specific goals and made effective use of his department. As minister of fisheries he ensured at the time of the introduction of the 200-mile off-shore limit that the benefits would flow primarily to the small-scale and relatively impoverished inshore fishery, a good portion of which was located along the shores of northeastern New Brunswick. He also created the Gulf fisheries region, which resulted in an expansion of the Moncton-based fisheries office and the creation of several hundred new positions in the New Brunswick regional office. This occurred much to the chagrin of the Newfoundland government which, in the late 1970s, had only weak representation in the federal cabinet.

Several points are worth noting, however. In the first place, regional ministers had become provincialized. During the period 1968-1980 it was rare for influence to extend significantly beyond provincial boundaries, and when this did occur it was usually the result of a vacuum, as was the case in some of the western provinces. Second, it was not uncommon for there to be subregional ministers within the larger provinces. In Ontario, for example, ministers such as John Munro

22 See the several articles on patronage in the *Journal of Canadian Studies* 22 (1987). It has been argued that by the mid-1970s grants under the *Regional Development Incentive Act*, especially in Quebec, were used primarily for politically salient job creation schemes—often at the expense of economic development. See Dan Usher, "The Benefits and Costs of Firm-Specific Investment Grants: A Study of Five Federal Programs," Discussion Paper 511 (Kingston: Queen's University Institute for Economic Research, 1983).

were able to carve out areas and build political machines beyond their own ridings mainly by dint of personality, political experience, and hard work.²³ There were also battles between ministers. During the Trudeau government's last four years there was a continuing battle between John Roberts and Herb Gray, the latter nominally the regional minister for Ontario but not considered a terribly effective one, while at a certain point the former was designated regional minister for metropolitan Toronto. Northeastern and northwestern Ontario had their own subregional ministers. In Quebec there were also subregional ministers (for example, André Ouellet for Montreal and Pierre De Bané for eastern Quebec), but a definite and undisputed hierarchical relationship prevailed between Marc Lalonde, who was the Quebec lieutenant, and the other Quebec ministers and MPs.²⁴

In summary, over the period 1968-1979 the role of regional minister had a relatively low profile and was restricted geographically to areas within provincial boundaries. Yet, paradoxically perhaps, in other respects the influence of regional ministers grew as the possibilities for patronage and partisan largesse expanded to include youth employment programmes, decentralization programmes involving such departments as Veterans Affairs and Supply and Services, and certain DREE programmes (specifically Regional Development Incentive programmes); each offered opportunities for diverting or redirecting cash and jobs to specific localities.²⁵ At the same time this development took place *without* a concomitant revival of the other role traditionally ascribed to regional ministers; namely, the injection of a broader regional perspective on national issues at the cabinet table. While patronage on an increasingly larger scale was tolerated as a necessary evil, particularly during the time when the battle for the hearts and minds of Quebecers was reaching a peak, the prevailing ethos of national

23 See Henry Jacek, "John Munro and the Hamilton East Liberals: Anatomy of a Modern Political Machine," in Bill Freeman and Marsha Hewitt (eds.), *Their Town: The Mafia, the Media and the Party Machine* (Toronto: Lorimer, 1979), 62-73.

24 On regional ministers and their regional caucuses see Paul G. Thomas, "The Role of National Party Caucuses," in Peter Aucoin (ed.), *Party Government and Regional Representation in Canada*, Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada, vol. 36 (Toronto: University of Toronto Press for Supply and Services Canada, 1985), 98-106. On Lalonde's role see Jeffrey Simpson, "The Two Trudeaus: Federal Patronage in Quebec, 1968-84," *Journal of Canadian Studies* 22 (1987), 102.

25 For example, the decentralization programme announced in May 1975 by President of the Treasury Board Jean Chrétien involved the relocation of administrative units from the National Capital Region to other regions of Canada. Kenneth Kernaghan notes that "16 of the first 23 relocations announced were destined for constituencies held by Liberal members of Parliament, and 8 of these 16 ridings were represented by cabinet ministers in the Liberal government" ("Representative and Responsive Bureaucracy: Implications for Canadian Regionalism," in Aucoin [ed.], *Regional Responsiveness and the National Administrative State*, 38).

standards, of the federal government relating to all citizens on an equal basis, all severely limited opportunities for ministers to cultivate a role as regional advocates.

Government Reorganization and Regional Responsiveness

The basic stance of the Trudeau government during the key period of 1980-1984 is well known. The Liberals saw in their 1980 election victory a mandate to deal effectively with Quebec's proposal for sovereignty-association, to do so on a unilateral basis if necessary, and to provide strong leadership in shaping Canada's economic future. This latter goal was premised on a programme of energy self-sufficiency and, perforce, effective control by the federal government over natural gas and oil, resources primarily under provincial jurisdiction. The resulting political and economic repercussions have been well documented.²⁶ The Liberal government engaged provinces on two fronts: the energy issue, involving mainly Alberta but also drawing in the other western provinces and Newfoundland, and the issue of constitutional patriation involving direct confrontation with eight of the ten provinces. As the federal government became increasingly embittered by what it perceived as provincial intransigence it initiated major skirmishes with the provinces over other issues as well: the fiscal equalization and Established Programs Financing (EPF) arrangements and the related issue of the "visibility" of the federal government in the distribution of programme benefits to citizens. In the case of the latter, the complaint voiced was that the federal government failed to receive due credit for federal transfer payments subsequently spent by the provinces through programmes like EPF and regional development. The federal government also had two subsidiary concerns: its lack of representation in western Canada, even though the Liberals had obtained close to 25 per cent of the popular vote there, and the lack of regional political intelligence. What was sought was a more direct link to citizens and to regions.

In spite of these objectives the opportunities for implementing them were limited. Although the federal government adopted a rigid position on EPF transfers, these concerned jurisdictional areas—such as health care and education—which were under provincial control. There was one area, however, where an opportunity existed for easily altering the status quo, namely regional economic development. Since 1974 the government through DREE had negotiated General Development

26 Kenneth McRoberts, "Unilateralism, Bilateralism and Multilateralism: Approaches to Canadian Federalism," in Richard Simeon (ed.), *Intergovernmental Relations*, Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada, vol. 63 (Toronto: University of Toronto Press for Supply and Services Canada, 1985), 71-129.

Agreements (GDAs) with all ten provinces and the two territories. These were umbrella agreements which specified broad development goals for each province or territory, which were then given effect through specific subsidiary agreements in such fields as forestry, agriculture, and mineral development. Both the GDAs and specific subsidiary agreements were negotiated and approved through DREE. Two points should be stressed. First, although most of the funds for programmes under the GDAs came from the federal government (roughly two-thirds, and up to 90 per cent for provinces like Newfoundland and Prince Edward Island), the programmes themselves were delivered almost entirely by provincial governments. Second, primarily in the Atlantic region, there developed over time good working relationships between DREE officials in the field and provincial officials.²⁷ One of the features of these "policy communities" was that the federal and provincial officials involved were able to insulate themselves from direct political pressure. Both at the provincial level and especially at the federal level politicians were unhappy with their inability to affect DREE decisions as directly as they desired. In Ottawa, not only politicians other than the DREE minister, but also bureaucrats were envious of the authority, especially expenditure authority, that DREE officials out in the field seemed to enjoy.

This tension contributed to DREE's demise in early 1982. In late 1981 both the GDAs and several subsidiary agreements were due to expire in the next two to three years. From the federal perspective this situation presented a golden opportunity to terminate provincial delivery of federally-funded programmes. To understand how the federal government went about achieving this, and the subsequent consequences for the role of regional ministers, requires a brief digression into developments in the machinery of government and related matters.

Turning first to the machinery of government, in 1978 the Liberal government created the Board of Economic Development Ministers which, under the Clark government, became the Ministry of State for Economic Development (MSED). MSED, like the Ministry of State for Social Development, was a central agency but charged with co-ordinating the federal government's efforts in economic devel-

27 Donald S. Savoie, *Federal-Provincial Collaboration: The Canada-New Brunswick General Development Agreement* (Montreal: McGill-Queen's University Press, 1981). There is evidence that in other provinces DREE ministers took a more direct interest. For example, when DREE first began in 1969 Jean Marchand made most decisions for Quebec. See Anthony G. S. Careless, *Initiative and Response: The Adaptation of Canadian Federalism to Regional Economic Development* (Montreal: McGill-Queen's University Press, 1977), 86. Subsequent DREE ministers, such as Donald Jamieson (Newfoundland) and Pierre De Bané (Gaspé), also took a close interest in DREE activities in their province or district.

opment. After 1980 its major responsibility became the co-ordination of the mega-project strategy. Throughout the Trudeau era central agencies were relied upon to resolve problems of goal-setting and co-ordination, and this solution was now applied to the economic development area.²⁸ MSED served the cabinet's committee on economic development, which was responsible for passing judgment on economic development proposals emanating from line departments. The relevant departments included all those in the economic development envelope with the exception of the energy portfolio. MSED thus was responsible for providing the cabinet committee with critical assessments of development problems and proposals.

In January 1982 major changes were introduced in the central agency apparatus and in line departments in the economic development area. DREE was effectively abolished. Industry, Trade and Commerce lost the trade function, which was moved to External Affairs. Some of DREE's programmes were assigned to what remained of Industry, Trade and Commerce which then became the Department of Regional Industrial Expansion (DRIE). Responsibilities for many of the subsidiary agreements under the GDAs were turned over to the appropriate line departments such as Agriculture, Mines and Forestry. DREE's former responsibility for co-ordinating regional development policy was assigned to MSED, which became the Ministry of State for Economic and Regional Development (MSERD), serving what became the cabinet committee on economic and regional development. Hence the responsibilities for national sectoral policy *and* regional policy were brought together in a single central agency and cabinet committee.

These changes were in part the product of battles within the Ottawa bureaucracy itself. For example, there had always been quarrelling between DREE and Industry, Trade and Commerce over industrial incentives programmes, squabbles which took place directly in cabinet and which frequently became public knowledge.²⁹ The changes also reflected a penchant on the part of both the prime minister and the clerk of the Privy Council (Michael Pitfield) for central agency solutions. But the goals mentioned earlier, the desire for greater visibility and more direct contact with citizens, were also clearly evident. According to the prime minister, the aim of the reorganization was that "the regional perspective be brought to bear on the work of all economic development

28 Peter Aucoin, "Organizational Change in the Machinery of Government: From Rational Management to Brokerage Politics," this JOURNAL 19 (1986), 3-27.

29 Thus, there was a major rift between DREE and Industry, Trade and Commerce over where the new Volkswagen parts plant should be located. DREE favoured one of the poorer regions while Industry, Trade and Commerce favoured Ontario. This debate became public in late 1981. See Donald Savoie, "The Toppling of DREE and the Prospects for Regional Economic Development," *Canadian Public Policy* 10 (1984), 334.

departments and in all economic decision-making by cabinet." All sectoral departments were directed "to improve their regional capabilities and to build the regional dimension into their internal policy development and decision-making processes."³⁰ Subsequent statements emphasized that henceforth there would be greater emphasis on "direct delivery" of federal economic development programmes.

There was one further key innovation: the establishment of a system of regional offices, one in each province, as an extension of MSERD. These offices, each headed by a Federal Economic Development Co-ordinator, a civil servant of senior rank, were given the responsibility of providing regional intelligence, of helping to co-ordinate the implementation of government decisions affecting economic development, and of establishing regional economic development policies for consideration by cabinet. Their mandate was to provide a horizontal view from the field on matters that cut across a number of line departments, a perspective that was quite different from vertical, sectoral views acquired within a single line department. In this sense the view of the Federal Economic Development Co-ordinator also was much closer to that of politicians seeking to ensure equitable treatment of their constituencies or regions.

It took some time for the various units and individuals involved in the reorganization to begin implementing the details of the new organizational design. The role of the Co-ordinators especially was far from clear, with the result that each Co-ordinator came to define the role somewhat differently. But all had certain common tasks, one of which was responsibility for developing successor agreements to the expiring GDAs. These new instruments came to be called Economic and Regional Development Agreements and the intent was to negotiate one with each province.³¹ The primary feature of the new approach to regional development was that, without necessarily precluding provincial delivery of certain programmes, the emphasis was now to be on "direct" or "parallel delivery" by the federal government. Furthermore, although each Co-ordinator was responsible for the overall Economic and Regional Development Agreement for each province, federal line departments were now to be responsible for the specific subsidiary agreements which were to give effect to the initiatives outlined in the Agreement. The money available for the Agreement came out of the so-called regional fund, which nominally was allocated on the basis of DREE funding for the year 1980-1981 across the provinces. In developing the Agreements one further task was required of the Co-ordinators: that was to consult with the regional minister.

30 Office of the Prime Minister, Press Release, January 12, 1982.

31 On how the Economic and Regional Development Agreements differed from the earlier GDAs, see Aucoin and Bakvis, "Regional Responsiveness and Government Organization," 73-104.

In effect, in each province the regional minister held federal political authority for the Agreement process, and the Co-ordinator became a quasi-deputy minister working for this minister, mainly with respect to the Agreement but for other projects as well. The staff in MSERD headquarters were involved in vetting the overall design and specific proposals for each Agreement, or at least they tried to do so. Once a list of possible projects had been assembled, however, the regional minister was able to pick and choose the items to be included in the Agreement. For example, Senator Hazen Argue, the regional minister for Saskatchewan, had strong links with the agricultural community and favoured projects concerned with the improvement of water quality. Of the nearly 120 million dollars committed to Saskatchewan under the Agreement during the period 1984-1989, more than half was to be spent on agriculture-related projects, most of them clearly representing Argue's own preferences and, contrary to the initial intent of "direct" delivery, many of them in the form of joint federal/provincial programmes.³²

When the proposed Economic and Regional Development Agreement was ready and the provincial government was willing to sign, the Agreement was presented to the cabinet committee on economic and regional development. Significantly, the proposed Agreement was presented not by the chair of the cabinet committee and minister for MSERD, Donald Johnston, but by the regional minister for that province. In short, in this process the regional ministers attained a legitimacy within the political-administrative system that they had not enjoyed previously. One result was that even relatively weak regional ministers, of whom Argue would be one example, gained in influence.

With the regional fund money suddenly becoming available there was a strong temptation in line departments to take items already sitting on the shelf, or even current programmes, and present them as development projects.³³ As well there was the realization that the regional minister's involvement in the final decisions for funding meant that the chance of success was much greater if the proposed items coincided with the regional minister's personal predilections. Often this put the Federal Economic Development Co-ordinator in the rather difficult position of having to dissuade a regional minister from accepting a project which, though appearing very attractive, made poor sense economically. Regional ministers might have a good sense of the political lie of the land, but could not be expected always to have the judgment required to make decisions on a wide array of economic

32 On Saskatchewan, see Department of Regional Industrial Expansion, "Economic and Regional Development Agreements: Agreements and Memoranda of Understanding as of August 30, 1985" (mimeographed).

33 Savoie, "The Toppling of DREE and the Prospects for Regional Economic Development," 334.

development projects. The Co-ordinators argued that the basic integrity of the system was not abused, although other officials in the Operations and Policy branches of MSERD were somewhat less sanguine.³⁴ Overall, most Agreement projects represented politically-induced distortions over which regional ministers had direct authority, in some instances involving doubtful economic development projects, in other instances involving much more provincial involvement than the federal government had originally intended.

Of course regional development funds constitute only a small proportion of total government expenditures. In the smaller provinces their significance tends to loom much larger, however, and these monies can thus be used as leverage to stimulate further, often more substantial projects. In the case of the Agreements, moreover, the quasi-formal status attained by regional ministers was extended to other programmes, and in particular to two programmes that did involve significant sums of money: the Special Employment Initiative and the Special Recovery Capital Projects programmes, both of which were introduced in the wake of the recession of 1981 and its aftermath, including the collapse of the mega-project strategy, to alleviate unemployment and to stimulate the economy.

The Special Employment Initiative was announced in the 1982 budget and involved 200 million dollars in employment creation funds that were channelled directly through the 10 regional ministers. It was administered by a "Special Employment Initiative Secretariat" within the Canada Employment and Immigration Commission to which the regional ministers submitted proposals. Approval was virtually pro forma. A number of the Co-ordinators were actively involved in helping to identify suitable projects; the projects themselves, however, received virtually no evaluation and only very limited administrative support from Commission staff.³⁵

The Special Recovery Capital Projects Program, announced in April 1983, was intended to stimulate economic activity by moving forward the construction of such projects as federal office buildings and harbour facilities. Given the timing, this programme was also clearly linked to the exigencies of the electoral cycle. It involved the allocation of 2.4 billion dollars, more money than what was available under the Economic and Regional Development Agreements. As with the Agreements, however, the stress was on federal projects only and regional ministers once again came to participate directly in the

34 Aucoin and Bakvis, "Regional Responsiveness and Government Organization," 78-80.

35 On the role of regional ministers in this programme, see *Report of the Auditor-General of Canada: Fiscal Year Ended 31 March 1986* (Ottawa: Supply and Services Canada, 1986), paras. 6.36 through 6.49 and exhibit 6.3. See also Lorne Nystrom's question in the House of Commons on February 13, 1984 (*Debates*, 1317).

allocation process. The Special Recovery Capital Projects Program was supported administratively by a small secretariat staffed by officials from MSERD and the Department of Supply and Services. Although not directly responsible as in the case of Agreements, the Co-ordinators nonetheless helped to assemble lists of potential projects; regional ministers in turn had a veto over which projects ultimately were supported. Significantly, regional ministers were able to obtain funding for a number of federal-provincial projects, contrary to the initial guidelines.³⁶

Both of these programmes increased the prominence of regional ministers. However, the truly successful ministers were those who were able to use these programmes, the Economic and Regional Development Agreement, the Co-ordinator's office, their own line departments, their regional caucus (if they had one) and, if possible, the provincial government. We now turn to one such example of a regional minister who was able to mobilize successfully his own portfolios and to forge out of the aforementioned elements a potent regional coalition.

The Axworthy Case: "Regional Minister in a Hurry"

Lloyd Axworthy was appointed minister of employment and immigration in March 1980; later, in August 1983, he moved to the Transport portfolio. From the beginning he was committed to building his own power base in Manitoba and more generally to playing a key role in re-establishing the Liberal party in western Canada. He did so under a rubric of beliefs that fused together personal ambition, loyalty to old friends, commitment to progressive left-of-centre goals, and a desire to redress economic and political imbalances in Confederation. He had a keen practical as well as academic interest in urban affairs, and specifically in the issue of urban renewal in his native Winnipeg. He was also profoundly distrustful of bureaucracy, eschewing "civil service solutions for Western Canada,"³⁷ but realized that the resources of the state were paramount if desired objectives were to be attained.

He had not only regional objectives but also a number of sectoral goals specific to his portfolios. For example, in the Canada Employment and Immigration Commission, Axworthy wanted to render more humane the procedures and criteria used for processing immigrants. In Transport he wanted to shake up what was considered to be a very

36 Government of Canada, *Special Recovery Capital Projects Program: The First Year* (Ottawa: Supply and Services Canada, 1984). On the role of regional ministers see Thomas, "The Role of Party Caucuses," 106, and especially James Egan, "The Politics of Priority Management: An Examination of the Special Recovery Capital Projects Program," M.A. thesis, University of Manitoba, 1987.

37 Quoted in Joseph Wearing, *The L-Shaped Party: The Liberal Party of Canada, 1958-1980* (Toronto: McGraw-Hill Ryerson, 1981), 135.

traditional line department; the initiatives he took in the deregulation of air transport illustrate his attempts at reform.³⁸ As to regional ambitions, Axworthy felt that establishing his base in Manitoba and regaining electoral support in the West were best accomplished by channelling as many visible federal government expenditure items as possible to the region and doing so in a manner that allowed him a direct role in planning and implementation. He proceeded first by establishing objectives both regionally and sectorally, second by establishing control over his own department (especially the expenditure process), and third by identifying, and, if necessary, creating channels and arenas of influence outside his department.

Ministerial Control and Regional Objectives

How Axworthy mobilized the political and administrative resources of his portfolios is a significant study in itself and can only be discussed briefly here. By the time he left Transport in 1984 following the defeat of the Liberals, he had a staff of more than 100 working directly in his offices in Ottawa and Winnipeg. Only about 20 were "exempt" or political staff.³⁹ The remainder were public servants seconded to his office. All of them, however, were committed to Axworthy's goals and the means he used to achieve them.

In deploying these human resources, Axworthy created considerable turmoil within the two departments in question.⁴⁰ Within each department his political staff deliberately bypassed those civil servants who were perceived to be recalcitrant and dealt directly with less senior officials in charge of specific programmes. Shortly after Axworthy became minister of employment and immigration he and his staff decided that the incumbent deputy minister and the regional director-general for the Canada Employment and Immigration Commission in Manitoba⁴¹ probably would not be as co-operative and

38 Lloyd Axworthy, "Control of Policy," *Policy Options* 6 (April 1985), 17-20.

39 According to J. R. Mallory "exempt" staff are individuals who "require a degree of judgment, experience, and non-partisanship which they are unlikely to possess" ("The Minister's Office Staff: An Unreformed Part of the Public Service," *Canadian Public Administration* 10 [1967], 29). A number of Axworthy's staff approximated this description; many of them, however, were experienced, frequently with civil service backgrounds, and were deliberately chosen for their knowledge of the Ottawa bureaucracy.

40 Evidence of the enmity generated within the Department of Transport came to light after Axworthy's departure. A number of civil servants who had worked directly in the minister's office were subsequently reassigned to menial duties or fired outright. See "Partisan tag is not fair, workers say," *Globe and Mail*, October 4, 1984, and "As dust settles from PC sweep, packing begins," *Globe and Mail*, October 8, 1984.

41 The Canada Employment and Immigration Commission is much more decentralized than other departments. Using a corporate structure, provincial directors-general are responsible for all operations within their regions, including immigration, employment and unemployment insurance.

expeditious as they would like; subsequently, these senior officials were systematically isolated from meetings involving the minister and other officials. Sympathetic public servants were deliberately sought out; some were then seconded directly to the minister's office. If officials within a specific area of the department were felt to be unsympathetic, then Axworthy would resort to outside consultants or task forces.

The employment side of the department was regarded as generally sound and not unsympathetic toward Axworthy's views. The task force report on labour market developments was one example of an internal inquiry that pursued policy objectives consistent with Axworthy's own position.⁴² Immigration was perceived to be much more troublesome. In the words of a member of Axworthy's staff, the immigration bureaucracy had over the years regressed to a "strict policing mode" and was no longer interested in the humanitarian side of immigration issues. In this instance the minister appointed an external task force on immigration procedures⁴³ which was used to cultivate outside constituencies such as immigrant groups, the churches, and human rights groups. Both task forces illustrated the means favoured by Axworthy to undermine or bypass the regular bureaucracy and to mobilize constituencies outside of the department.

With respect to their regional concerns Axworthy and his staff began identifying obvious and some not so obvious potential projects that could be initiated in Manitoba. The most important item, stemming directly from Axworthy's interest in urban reform, was the Winnipeg Core Area Initiative, a project aimed at redevelopment of the Winnipeg downtown and funded through a tri-level arrangement involving all three governments.⁴⁴ Begun in 1981, it came to be a basis, and a lever, for promoting subsequent projects; hence it was an immediate priority. Initially DREE funding was obtained; later, money from MSERD through the Economic and Regional Development Agreement, Special Recovery Capital Projects Program and Air Canada among other federal sources was found for this highly visible development in downtown Winnipeg which involved a combination of urban redevelopment, heritage preservation and economic and social development opportunities for the urban poor, native people, young entrepreneurs and immigrants. One item in the Core Area Initiative that complemented Axworthy's objective to appeal to young, educated professionals who

42 *Labour Market Developments in the 1980s* (Ottawa: Employment and Immigration Canada, 1981).

43 Canada Employment and Immigration Commission, *The Refugee Status Determination Process: A Report of the Task Force on Immigration Practices and Procedures* (Ottawa: Supply and Services Canada, 1981).

44 See Matthew Kiernan, "Coordination for the City Core," *Policy Options* 6 (September 1985), 23-25.

resided in his own riding⁴⁵ was the National Research Council Institute for Manufacturing Technology (NRC-Cadcam Centre). This was eventually constructed, using money from both the Special Recovery Capital Projects Program and the Agreement.⁴⁶ Another was a Petro-Can subsidiary, Canertech, which was charged with investigating alternative energy sources. In both cases Axworthy ensured that the appropriate constituencies, for example scientists at the local universities, were mobilized to pressure the relevant authorities.

The biggest single resource, however, was the department itself. Many members of the immigrant groups which Axworthy saw as significant constituencies resided in Winnipeg. A high proportion of the educational, social and community development projects launched under the aegis of the Core Area Initiative were funded by the Canada Employment and Immigration Commission which itself established a "Special Needs Office" in the area to help achieve the objectives outlined in the Core Area Initiative agreement.⁴⁷ The role of the Commission in delivering many of the components of the Initiative, as well as the participation of federal officials in the Initiative management committee, afforded Axworthy and his staff opportunities for direct involvement through the approval of specific projects, including their staffing.

In addition, the Commission normally has both money available for discretionary spending and authority over desirable items, such as ministerial immigration permits, which are ideal for trading projects with other ministers. Once a decision had been made to target a specific item, a detailed plan of attack was developed by Axworthy's staff. The key members of cabinet committees were identified, their needs assessed, approaches made—all with a view to ensuring that when the item came up for discussion there would already be a basic commitment on the part of committee members. One arena that was used for pressuring other ministers was the western affairs committee of cabinet, the only cabinet committee concerned with a specific region. The committee met on

45 Most Core Area Initiative development occurred in downtown Winnipeg and only one subsidiary project, the Osborne Village area, was located in Axworthy's riding.

46 Canada, *Special Recovery Capital Projects Program*, 28. It was left sitting as an empty shell for three years after the change in government in 1984. The Conservatives managed to scale down though not halt the project, and eventually decided to provide limited support to entice private sector research and development firms to use the building. See "Ottawa to foot science centre overhead costs," *Winnipeg Free Press*, February 14, 1986.

47 Winnipeg Core Area Initiative Policy Committee, "Proposed Winnipeg Core Area Initiative," June 1981, 16. The Committee included L. Axworthy (Government of Canada), G. W. J. Mercier (Province of Manitoba), and Bill Norrie (City of Winnipeg). For a listing of the numerous projects funded by the Canada Employment and Immigration Commission, see Winnipeg Core Area Initiative, *Status Report of Program Activities to: September 30/85* (Winnipeg, 1985).

Tuesday mornings to discuss policy matters that were directly relevant to western Canada. Jean-Luc Pepin, Axworthy's predecessor in Transport, complained of almost continuous "supervision" by Axworthy and his aides during meetings of this committee.⁴⁸

Not all forays into other departments were successful and some victories were merely Pyrrhic. For example, as a quid pro quo for going along with the National Energy Program, to which he was generally opposed, Axworthy with the support of Senator Bud Olson succeeded in committing the priorities and planning committee of cabinet to the Western Development Fund, which was subsequently announced as part of the MacEachen budget. This four billion dollar fund was to be charged against projected revenues and royalties on energy sources arising from the National Energy Program and was to be spent mainly on agriculture and western transportation, and to a lesser extent on native economic development and renewable resources. The status of the fund always remained ambiguous.⁴⁹ Eventually the bulk of the funds was committed to changing the Crow rate and it was only near the end of Axworthy's tenure that some money for native economic development became available.

When Axworthy became minister of transport in 1983 he was confronted with major opportunities and some serious problems. Transport, a large department, does most of its spending in the form of large, visible amounts. When Axworthy exercised his ministerial prerogative and ordered that an additional 38 million dollars be spent on the Port of Churchill rail line, contrary to the recommendations of his officials, it was very clear that Axworthy was using the department for regional purposes. He was also able to find an additional 111 million dollars largely from within the department for spending in Manitoba as part of the Manitoba Economic and Regional Development Agreement.⁵⁰ The department was in the throes of attempting to revise the Crow rates on grain transport, which involved attacking a major western symbol. It was certainly not an issue likely to engender popularity and Axworthy was forced to alter the legislation, which had been submitted to the House of Commons by the previous Transport minister and had been amended several times, in order to make the final

48 Interview with J.-L. Pepin, November 28, 1985. Apparently this was the only cabinet committee meeting which political aides to ministers were allowed to attend.

49 See "That Elusive Western Fund," *Western Producer*, October 23, 1981.

50 The amount committed through Transport Canada to sub-agreements under the Manitoba Economic and Regional Development Agreement was considerably larger than those committed to comparable sub-agreements with the other provinces (in millions): \$149 (Manitoba), \$112 (Newfoundland), \$85 (Quebec), \$63 (New Brunswick), \$25 (PEI). See Department of Regional Industrial Expansion, "Economic and Regional Development Agreements: Agreements and Memoranda of Understanding as of August 30, 1985."

legislation more palatable to both western as well as Quebec constituencies.⁵¹ Over all these issues, as well as on his initiative on airline deregulation, Axworthy and his support staff had major confrontations with Transport officials. As a consequence normal channels of communications were ignored, senior officials were routinely excluded from major decisions, and political staff regularly attended meetings which were previously for officials only.

In short, in pursuing his goals, Axworthy broke virtually every rule pertaining to ministerial-administrative relations. At the same time, in the eyes of his supporters, he succeeded in mastering his portfolios to achieve specified political objectives: ensuring that Manitoba received its share of large-scale federal expenditures even though it had but two seats on the government side of the House, initiating urban redevelopment on a more humane scale in downtown Winnipeg, pushing through the Crow rate legislation, and introducing initiatives with respect to immigration, labour market adjustment, and airline deregulation.⁵²

In the case of the Manitoba Economic and Regional Development Agreement, it is worth comparing the dollar figures with those of other provinces. Saskatchewan, for example, was to receive about 119 million dollars over a five-year period ending in 1989; Nova Scotia, \$118 million; and Manitoba, \$255 million. Taking into account per capita figures and historical levels of DREE funding, and discounting some of the Transport Canada components in the Manitoba Agreement, Manitoba still succeeded in obtaining more than other provinces.⁵³ In the case of

51 Grace Skogstad, *The Politics of Agricultural Policy-making* (Toronto: University of Toronto Press, 1987), 142-48; and Barry Wilson, "Killing the Crow Rate: Government Salesmen, Media Messengers," paper submitted to the Canadian Studies Programme, Carleton University, November 1984.

52 Axworthy's mobilization of his portfolios was no mean achievement, given the difficulties other ministers have had in imparting strong political direction to their departments. See, for example, Flora MacDonald, "The Minister and the Mandarins," *Policy Options* 1 (September-October 1980), 29-31. Axworthy's case does not fit the models on the role of ministers and policy innovation outlined by Michael M. Atkinson and William D. Coleman, "Bureaucrats and Politicians in Canada: An Examination of the Political Administration Model," *Comparative Political Studies* 18 (1985), 58-80; and by Andrew F. Johnson, "A Minister as an Agent of Policy Change," *Canadian Public Administration* 24 (1981), 612-33. The closest parallel appears to be with Lloyd George who, according to A. J. P. Taylor, "is said to have been the only minister of modern times who could defeat the obstinacy even of treasury officials. Usually, however, he preferred to circumvent them. He carried his private secretaries with him from one department to another . . . , culminating, when he was prime minister, in the creation of a duplicate civil service dependent on himself" (quoted in Mallory, "The Minister's Office Staff," 32, note 14).

53 Based on data provided by the Department of Regional Industrial Expansion, "General Development Agreements: Status of Subsidiary Agreements as of June 28, 1985," and projected Economic and Regional Development Agreement expenditures, "Economic and Regional Development Agreements as of August 30, 1985."

the Special Recovery Capital Projects Program, Manitoba received about 10 per cent more than would be expected under the basic allocation formula.⁵⁴ It is also noteworthy that of the \$70.7 million of Program funds allocated to Manitoba, \$66.6 million were spent on the Core Area Initiative, primarily on the NRC/Cadcam centre.⁵⁵ In virtually all other provinces capital expenditure items were smaller, more numerous and more widely distributed.

Assessing Axworthy's allocative powers in detail and in all areas is no easy task. Boasting on the part of Axworthy's Winnipeg campaign officials during the 1984 federal elections and subsequent criticisms for over-spending by the Conservative government after the election may have led to an exaggerated view of the leverage enjoyed by Axworthy and his staff. Nonetheless, it is possible to point to specific programmes for which Axworthy had primary responsibility and where direct influence can be inferred. The clearest evidence of regional skewing of expenditures can be found in the Special Employment Initiative programme. Announced in the 1982 and 1983 federal budgets in the form of Employment Creation Grants and Contributions, this money was in theory administered by the Canada Employment and Immigration Commission, but in practice allocated to regional ministers for distribution.⁵⁶ Since the programme was ostensibly designed to create employment it is reasonable to assume that an equitable distribution of these monies by province would coincide with the proportion of unemployed residents in each province.

The Auditor-General of Canada conducted such an analysis, which is summarized in Table 1. The first column presents, in rank order, the ratios of the percentage of total Employment Creation Grants and Contributions funds to percentage of total unemployed in each province; the higher the ratio, the more disproportionate was funding in relation to unemployment. Notably, Manitoba received more than twice as much funding as would be warranted in light of the number of unemployed in that province. New Brunswick and Quebec also did well; Newfoundland, in contrast, received only 0.8 per cent of funding while having 2.9 per cent of Canada's unemployed during the period 1982-1985, a ratio of 0.27. Clearly, some provinces and regional ministers did much better than others, and the most successful province was also home to the minister whose department was responsible for delivering the Employment Creation Grants and Contributions programme.

54 The increase in the Manitoba allotment occurred apparently at the expense of Alberta. See Egan, "The Politics of Priority Management," 83.

55 Canada, *Special Recovery Capital Projects Program*, 25, 28, 30.

56 See note 41. The dollar amounts in Table 1 are for the period 1982-1985. For the period 1982-1986 the total amount was \$204.7 million of which 96 per cent was spent in the form of grants rather than contributions.

TABLE 1

RATIO OF PERCENTAGE ECONOMIC CREATION
GRANTS AND CONTRIBUTIONS FUNDS TO
PERCENTAGE UNEMPLOYED BY PROVINCE, 1982-1983
TO 1984-1985^a

Province	Ratio	Amount (\$ millions)
Manitoba	2.03	10.3
New Brunswick	1.87	9.2
Quebec	1.67	78.4
Saskatchewan	1.45	5.6
Prince Edward Island	1.20	0.9
Nova Scotia	1.00	5.5
Ontario	0.77	32.1
British Columbia	0.29	6.3
Newfoundland	0.27	1.2
Alberta	0.09	1.3

a Data are adapted from *Report of the Auditor-General of Canada: Fiscal Year Ended 31 March 1986* (Ottawa: Supply and Services Canada, 1986), exhibit 6.2.

Overall evidence of the extent of Axworthy's influence was most frequently found on the margins of various government programmes and activities. He and his staff possessed an uncanny ability to squeeze an extra 10 to 15 per cent out of budget envelopes assigned to different areas, to take programmes much further than the designers had anticipated, and to bend Treasury Board rules and guidelines to support a much larger personal staff than would normally be warranted. This applied both to large-scale programmes and a host of smaller ones. Particularly during the last year of Trudeau's mandate—a time when not only were funds more widely available for election purposes but also the Trudeau-Pitfield central agency apparatus was clearly in disarray—it became easier to circumvent normal channels. At the same time, with an election imminent, efforts increasingly focussed on shoring up defences in Winnipeg, where Axworthy's riding was far from safe; hence his activities took on an even more pronounced pork-barrel quality. By 1984 there was little time left to play the role of regional statesman.

The Manitoba Network

Axworthy was supported in many of his efforts not only by his staff but also by the provincial New Democratic party government. Several of

Axworthy's spending initiatives on items such as the Core Area Initiative and the Port of Churchill rail line coincided with provincial priorities and, not incidentally, support bases for the provincial NDP. Both Axworthy and the Manitoba premier, Howard Pawley, praised the contribution of extensive federal and provincial capital outlays to the provincial economy by reference to the good relations between Ottawa and the province which made these benefits possible. The alliance between Axworthy and the provincial government was an uneasy and expedient one, but it did result in Manitoba being the first province to sign an Economic and Regional Development Agreement with the federal government. As well, the Manitoba Federal Economic Development Co-ordinator, Jean Edmonds (formerly a director-general in DREE for Manitoba and fully familiar with the province), played an active role in identifying development opportunities and in promoting within MSERD proposals which were favoured by Axworthy. Ironically, Axworthy initially opposed the Co-ordinator system, fearing that it would be used by officials in the central agencies to monitor his activities. In the event, he and Edmonds came to share a very similar view of what constituted appropriate economic development strategies. And, in the case of the Core Area Initiative, which became the single most important lever for obtaining federal funds for Manitoba, Axworthy was able to strike an agreement in May 1980 with Bill Norrie, mayor of Winnipeg, who in turn was able to obtain approval from city council. This link was particularly important prior to the election of the NDP provincial government in late 1981. After this initial alliance over the start of the Initiative, however, relations between Axworthy and the city, including the mayor, quickly deteriorated.⁵⁷ To a lesser extent Axworthy also had links with provincially-based economic interest groups through individuals such as Izzy Asper, a former Manitoba Liberal leader.⁵⁸

In summary, there was on the one hand an interesting, albeit uncomfortable, alliance between Axworthy and his staff, the Manitoba Federal Economic Development Co-ordinator, and the Manitoba government, and on the other hand a Department of Transport full of unhappy officials, people in MSERD headquarters who were muttering angrily about Co-ordinators having "gone native," and other ministers and officials in the Privy Council Office and Treasury Board who were

57 Most of the disputes between Axworthy and the city were over the management of the Core Area Initiative. They culminated in the departure of the first director of the Initiative and his proposed replacement in June 1984. See "Norrie alleges 'patronage' bid for job," *Winnipeg Free Press*, September 4, 1984.

58 For example, Axworthy's office lobbied extensively on behalf of Honeycomb Telephone, a company controlled in part by Asper, for the right to provide cellular radio-telephone service on a nation-wide basis, which was eventually awarded to Montreal-based Cantel, Inc.

expressing concern over the manipulation of the expenditure process and the dilution of national programmes.⁵⁹

Within the Axworthy alliance, it is worth stressing that one element remained unimportant: the Liberal party. Neither the federal nor the provincial wing of the Manitoba Liberal party played much of a role. Indeed there were distinct rifts between Axworthy and the provincial Liberal leader elected in 1982, Sharon Carstairs. No help was forthcoming from the Axworthy team when Carstairs ran, unsuccessfully, in a by-election in 1984 in a riding encompassed by Axworthy's federal constituency. Prior to the federal Liberal leadership convention in 1984, Axworthy and Carstairs were in open opposition at a meeting of Manitoba delegates, the former supporting John Turner and the latter supporting Jean Chrétien. The "machine" so to speak was centred almost entirely around Axworthy himself, based on his portfolio and his position as political minister for the province.

Beyond its control of the Liberal party "federal affairs committee" for Manitoba, the Axworthy organization encompassed little else of the Liberal party apparatus. There was virtually no Manitoba caucus, nor a western caucus for that matter. This was helpful in the sense that there was no need to worry about sharing federal largesse with numerous other MPs, but a hindrance in that a cohesive regional caucus can be a powerful resource in battles over scarce resources—as the Quebec caucus has demonstrated on numerous occasions.⁶⁰ Axworthy discovered the latter in the course of his battles with Jean Chrétien, who constantly reminded Axworthy in cabinet committee debates over expenditures: "send us no seats; no money." Where party perhaps did play a role was in certain beliefs that linked together those ministers from the peripheries. Romeo LeBlanc and Pierre De Bané expressed an affinity for both the goals and the means used by Axworthy.⁶¹ MPs from the poorer peripheries are generally disposed as ministers to take a progressive and interventionist stance on issues and the use of departmental portfolios. These common patterns often did lead some regional ministers to support one another on initiatives, even when there was no immediate payoff for themselves. Nevertheless, in overall terms, Axworthy's own portfolio remained his primary resource—which contrasted with the earlier case of Jimmy Gardiner, for whom the positions of party lieutenant and minister of agriculture were the main sources of power.

59 Aucoin and Bakvis, "Regional Responsiveness and Government Organization," 77-80, 92-95.

60 Thomas, "The Role of National Party Caucuses," 102-03.

61 Interviews with senators Romeo LeBlanc (March 24, 1986) and Pierre De Bané (April 2, 1986). Axworthy also had good links with DRIE minister Ed Lumley, from Cornwall, Ontario, with whom he regularly traded programme items.

Conclusion

Three points need to be underscored. First, the role of regional ministers during the past two decades has, in all likelihood, been undervalued. The attention devoted to the major rifts between Ottawa and the provinces and the drama of first ministers' conferences no doubt explains the relative neglect by political scientists of the regional dimension in cabinet decision-making. This article has sought to demonstrate that the importance of federal-provincial summitry and the advent of the "institutionalized cabinet" in the 1970s did not prevent ministers from exercising significant influence over a variety of programmes that affected their provinces. Nor did it prevent them from becoming directly involved in the intergovernmental relations process. Although acting primarily in a partisan capacity as the "political" or "lead" minister for their provinces, regional ministers during the 1970s extended responsibility for patronage to include control over programmes affecting their regions. This included primarily the programmes of their own portfolios, but also those of other departments which were obtained through bargaining with other ministers or through clearly understood conventions that regional ministers had the right to be consulted on matters relating to their regions. In short, while regional ministers during the era before 1979 may have had a lower profile than in earlier times and had become more restricted geographically—provincialized if you like—they certainly did not disappear.

In the second place, during the key period of 1980-1984 circumstances prevailed that resulted in an actual resurgence of the regional minister phenomenon. These conditions were the result of three factors. First, federal-provincial battles over energy and the constitution led to a renewed emphasis on federal "visibility," direct programme delivery and "regional responsiveness," which provided ministers with opportunities to become actively involved in the design and delivery of programmes such as the Economic and Regional Development Agreements and provided ministers with administrative support in the pursuit of regional goals. Second, the recession of 1981 and the collapse of the mega-project strategy impelled the government to spend more on measures to stimulate the economy, which found expression in part in the Special Employment Initiative and Special Recovery Capital Projects Program. In the case of both programmes regional ministers were assigned major roles in the allocation process for projects in their provinces. Finally, the decline in cabinet discipline, resulting from knowledge that a change in leadership was imminent and from the perceived failure of the central agency mechanisms associated with the Trudeau-Pitfield era, provided incentives for ministers to circumvent established procedures and to pursue their own particular goals,

whether related to their own leadership aspirations or to their regional interests.

The third point concerns the particular case of Lloyd Axworthy, which illustrates the role of personality, the limits to which a minister can push the executive-administrative system to attain regional objectives, and the unique advantage of regional imbalance in cabinet representation. While Quebec demonstrated, in the person of Marc Lalonde, the potency of a strong minister in control of a large but cohesive and single-minded caucus, Axworthy for his part demonstrated the benefits of being the sole minister from a region without the encumbrance of a regional caucus. The Axworthy case is also noteworthy for the informal alliance that arose within Manitoba and that cut across all three levels of government, encompassing the minister, the Federal Economic Development Co-ordinator's office, the provincial government and the Winnipeg city government. In many respects this Manitoba coalition is reminiscent of state-based coalitions in the United States, typically centred around one or both senators and including the state government.⁶² Thus, even within the tight confines of Canadian interstate federalism, potentially significant interstices can be filled by entrepreneurial federal politicians, pressing regional concerns on cabinet and the bureaucracy, and often incorporating provincial government concerns. Furthermore, the Economic Regional Development Agreement process as a whole, and Axworthy in particular, demonstrate that federal leaders can be just as regionally or locally centred as their provincial counterparts, ironically the very figures with whom the Liberal government was then engaged in battle in the name of the broad national interest. Finally, it is worth emphasizing that the political machine created by Axworthy was made possible almost entirely by the resources of his own portfolios, not by the Liberal party of Manitoba.

The criticism can be made that the 1980-1984 period and the case of Lloyd Axworthy are unique, exceptions to the gradual diminution of regional ministers, that the unusual circumstances of the 1981 recession and Trudeau's lame-duck prime ministership are unlikely to repeat themselves in the near future. While this may be true, it is still useful to know under what circumstances regional ministers can become more prominent in the political-bureaucratic process. However, labelling Axworthy and his style as unique may also miss the point. Axworthy was unique in the same way that Jimmy Gardiner and C. D. Howe were unique. The fact is that in the 1980-1984 period there was much more opportunity for individual ministers to exploit the system for regional purposes. To the extent that the performance of the regional ministerial

62 Daniel J. Elazar, *American Federalism: A View from the States* (3rd ed.; New York: Harper and Row, 1984), 180.

role then becomes dependent upon political skills and personality, variation from minister to minister and from epoch to epoch is to be expected.

Ultimately, however, the 1980-1984 period can be seen as fitting a longer trend; and the question of whether it is possible to generalize from this period can be tested with brief reference to the post-1984 Conservative government under Brian Mulroney. The Mulroney government began by explicitly disavowing the existence of regional ministers and by restricting the access of cabinet ministers to the patronage allocation process, a process which was centralized in the Prime Minister's Office. The office of the Federal Economic Development Co-ordinators had already been downgraded with the abolition of MSERD during the brief interregnum of John Turner. The expectation among both ministers and, especially, civil servants was that the new Conservative government would have a more national orientation. Yet within a few months the traditional rivalry between Sydney Steel Corporation and Algoma Steel manifested itself in a well-publicized dispute between Solicitor-General Elmer MacKay from Nova Scotia and James Kelleher, the minister for international trade who is from northwestern Ontario. Both ministers felt the need to defend publicly industries in their provinces and to undermine the efforts of the other in obtaining valued rail orders from Canadian National.

In 1985 complaints from Quebec concerning the weak representation of Montreal in cabinet led to the formation of a special six-member cabinet committee to review the economic development prospects of the Montreal area. In July 1986 the government announced that it was appointing a special "political minister" for each province to enhance cabinet representation and communication with the regions. Dissatisfaction with the primary DRIE regional programme, the Industrial Regional Development Program, continued to simmer; and in late 1986 a major controversy arose over the award of the \$1.2 billion CF-18 maintenance contract to Quebec-based Canadair Limited, rather than to either Bristol Aerospace in Winnipeg or the IMP Group in Nova Scotia.

Subsequently, in June through August of 1987 the government announced the creation of the Atlantic Canada Opportunities Agency, the Northern Ontario Development Board and the Western Diversification Strategy/Office with total expenditure commitments of more than \$2.2 billion over five years. Significantly, all three agencies are headed by senior ministers from the relevant region and, in the case of the Atlantic Canada Opportunities Agency, an advisory committee of six ministers from that region will be responsible for final decisions on all expenditures. The Federal Economic Development Co-ordinators in the four western and four Atlantic provinces involved were reassigned

from DRIE and put under the umbrella of the Western Diversification Office and the Atlantic Canada Opportunities Agency, respectively.⁶³

Thus within the space of three years the Conservative cabinet signalled that it too was not immune to regional forces. Conservative efforts to incorporate and institutionalize the regional factor in cabinet decision-making demonstrated the staying power of the regional minister tradition in Canadian politics. At the same time, it should be stressed that this tradition had been shaped and transformed by the Liberals under Trudeau, and indeed enhanced in the 1980-1984 period. The expansion in the number of programmes that could be regionally targeted or used for direct political purposes and, concomitantly, the expectations and sense of entitlement among the affected regions and communities that came to attach themselves to these programmes and to the behaviour of ministers, occurred over this period and helped to divert the agenda of the incoming Conservative government.

The lesson to be drawn is that regional ministers will continue to occupy a significant niche within the federal government decision-making process and within the intergovernmental process as well. They will continue to act not only as a conduit for regional pressures but also as autonomous actors in their own right, with the capacity to impart a unique configuration to the delivery of programmes affecting their regions.

63 For a discussion of these developments see Peter Aucoin and Herman Bakvis, *The Centralization-Decentralization Conundrum* (Halifax: Institute for Research on Public Policy, 1988), esp. chap. 4.