Is Innovation a Question of Will or Circumstance?

An Exploration of the Innovation Process Through the Lens of the Blakeney Government in Saskatchewan

SECOND EDITION

Edited by Eleanor D. Glor

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Table of Contents

Acknowledgements

Any book requires yeoman service by a large number of people–this one is no exception. The other authors and I have been working on it for ten years, and have been thinking about the problems involved for much longer. Many thanks are extended to the authors for their efforts to understand the issues at stake and to respond to the guidance provided by the editor. Thanks are due as well to those who provided information about the government, especially Alan E. Blakeney and his cabinet members Walter Smishek, Ted Bowerman, and others, many public servants of the government, including Mike Costello, Albert Macdonald and some who wished to remain anonymous, and academics who provided cogent analyses, especially Ken Rasmussen and Howard Leeson. I am grateful as well to the anonymous reviewers who read three different versions of this book.

Preface

Governments of the 1980s and 1990s lived through enormous change but they are not the only ones that have actively created change. *Is Innovation a Question of Will or Circumstance? An Exploration of the Innovation Process Through the Lens of the Blakeney Government in Saskatchewan* is the story of how the most consistently innovative government in Canada–the Government of Saskatchewan–implemented innovation during the 1970s. This story of successful innovation has much to teach those who are attempting to create innovation today, not just because they must but because they want to change.

While two studies have considered the policy and program innovations of the Blakeney government (Glor, 1997; Harding,1995), and two others have discussed management strategies and leadership (Blakeney and Borins, 1998; Gruending, 1990), none has examined how this government created innovation. In *Is Innovation a Question of Will or Circumstance?* eight participants in the government map strategies, mechanisms, processes and stories of an innovative government. This material is then used to explore the nature of the innovation process.

Is Innovation a Question of Will or Circumstance? is a study of the nature of the innovation process through the prism of the Saskatchewan government of 1971-82–a government previously demonstrated to be innovative (Glor, 1997a). It asks "How can the innovation process be understood? Is innovation a question of planning and will or does it emerge from an environment as the product of specific determinants and processes? *Is Innovation a Question of Will or Circumstance?* identifies, assesses and validates the two main ways in which people use the concept of public service innovation.[1]

Framing the questions is David Wilson's understanding of the old distinction between voluntarism and determinism. Voluntarism is explored as an approach to innovation by identifying key strategies, structures and processes in central agencies, line departments and specific initiatives. Then, the question of whether putting in place the internal correlates of innovation is key to successful innovation is addressed. Innovation is also considered from a deterministic perspective, looking at the province's economic, social and political history and considering whether the government had the trait of innovativeness. Finally, the book looks at some of the processes at work inside the government and in Saskatchewan that influenced its interest in innovation and its capacity to be innovative. *Is Innovation a Question of Will or Circumstance?* concludes by examining the value of voluntaristic and deterministic perspectives on innovation and the lessons to be learned from each.

Studying the Unique: How Does Public Sector Innovation Happen?

To discover how one government innovated successfully, *Is Innovation a Question of Will or Circumstance?* dissects the innovation process in a government that introduced a very large number of innovations–160 significant policy and process innovations during an eleven-

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[1] For the purpose of this book, innovation "is the conception and implementation of significant new services, ideas or ways of doing things as government policy in order to improve or reform them." Glor, 1997, p.4

year government. By investigating how the central agencies organized themselves to plan, implement and monitor a major change agenda, how line departments implemented innovations and addressed horizontal problems, the planning and implementation process is revealed. By identifying the 34 administrative innovations introduced by the government, by pursuing three innovations–the program management and information system (PMIS), potash, and the Department of Northern Saskatchewan (DNS)–from beginning to end, by exploring the history, traits and processes of government in Saskatchewan, the determinants of innovation and the innovation process in Saskatchewan are revealed. Some of the operations were themselves innovative; overall the processes generated a competently, effectively and efficiently managed government. The processes not only served the ongoing management needs of an active government, but they also provided the means to implement the innovations. An examination of the procedures not only describes the processes, it highlights the needs of a government implementing a significant change agenda as well.

      Is Innovation a Question of Will or Circumstance? considers the government's administration from the perspective of its innovators. It answers such questions as: What processes did the government use to create its innovations? What procedures were needed to manage innovations over time? What skills were needed? What techniques did the government use to coordinate such massive and ongoing change? *Is Innovation a Question of Will or Circumstance?* also addresses the comparative questions: Was the government's administration innovative? Benefiting from hindsight, this book is a unique attempt to analyse how a government was able to be innovative, assessed through the eyes of its managers..

      This is the rational structure of *Is Innovation a Question of Will or Circumstance?* The authors also proffer a more personal side of the government. They illustrate the singular characters of the participants and the unique nature of the processes created. From administrative reformer (Wallace); to reluctant nationaliser of potash caught up in a secret operation (Burton); to independent, some thought pugnacious minister of highways (Kramer); to dissatisfied program developer who became minister and initiated his truly innovative process (Hammersmith), a sense of how the Blakeney government functioned comes alive through these authors' stories. Their comments on issues of mutual interest reveal some of the dynamics that affected innovation in the government.

      This book presents, therefore, a number of case studies of administrative[2] innovation *and* the case study of a government that introduced a good deal of innovation, *and* a methodology for exploring the innovation process. But was the government administratively innovative? The management strategies and administrative innovations are presented for central management, including PMIS (chapter 1); planning, financial management, accounting and administration (chapter 2), managing economic development (chapter 3), and communications and coordination (chapter 8). The Blakeney government's approach to four specific program areas is outlined: the potash take-over, managed through a central secretariat reporting to cabinet (chapter 4), the creation of DNS (chapter 5), managing transportation issues (6), and creating labour reform

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  [2] Administration here refers to the support functions of the government, that make the substantive work possible, e.g.,, human resources, assets management, finance, administration, planning, auditing.

(chapter 7). These explanations are then used to explore whether the innovative Blakeney government is best understood from a voluntary or determined perspective. Section 3 considers:

- Whether change in the Blakeney government was an example of planned change and implementation, how successfully and innovatively it was planned, and whether it created the internal correlates of innovation (chapter 9);
- What determined how innovative the government was and whether the government should be considered to have the trait of innovativeness;
- Innovation as a process, and whether innovation in the Saskatchewan government can be seen as occurring within the population ecology and life cycle models.

The conclusion suggests that the authors have considered the government primarily from a voluntaristic perspective, but also addressed many deterministic issues, such as politics, Saskatchewan's boom/bust economy, and the unique social history of the province. The book concludes that both voluntaristic and deterministic analyses are valuable, and identifies lessons to be learned from each perspective. Rather than identifying one best way to approach the innovation process, it explores the process from several perspectives and attempts to generate understanding from each of them.

Still Relevant Today?

Is the experience of a government of 25 years ago still relevant today? When asked in the 1996 Institute of Public Administration of Canada biannual survey of deputy ministers and municipal chief administrative officers what they saw as the critical issues over the upcoming three years, chief executives of Canadian governments responded: rethinking and reshaping government, repositioning the public service and leading change; restructuring programs and service delivery; redesigning accountability frameworks and performance measures, and revitalizing the public service. (Marson, 1997) In 1998 they saw the management issues similarly, as rethinking and reshaping government, repositioning public organizations and managing the change process, redesigning and improving service delivery for citizens, reframing systems of performance measurement and accountability, renewing and revitalizing the public service, and building a high performance public service for the next millennium (Marson, 1999) The administrative innovations introduced by the Saskatchewan government addressed many of the same problems public services face today: policy planning, effective implementation, horizontal service and policy coordination, more effective services and programs, alternate service delivery mechanisms and management (crown corporations), financial management including unfunded pension liabilities, revitalization of the public service, and public disclosure. The similarities between the issues addressed then and those confronted today are striking–the differences are ones of degree rather than kind.

Some of the Saskatchewan process innovations described in this book have not yet been widely adopted–they remain a source of good ideas. Some of these process innovations are just now being adopted by other governments, as they begin to address problems the Saskatchewan government confronted first–problems such as unfunded liabilities in public pension and other contributory funds, the need for results-based funding and reporting. As a whole this book contributes to understanding how one government created an administration and an environment that supported innovation, through both voluntary and deterministic factors.

Is Innovation a Question of Will or Circumstance? will interest those concerned with

reorganizing government to suit new environments, and improving public administration. It will be of special interest to public servants and private sector employees initiating and implementing innovation and working with bureaucracies to bring about change. As government moves out of retrenchment into a more active yet economical mode, the experience of a frugal innovator acquires distinct interest. Because it explores these ideas through an analytic framework *Is Innovation a Question of Will or Circumstance?* will also be useful in courses on innovation, political science and public administration and will help point public servants to the most important areas that they should be considering. Governments introducing major change agendas and wanting to be innovative would do well to review Saskatchewan's experience.

Eleanor D. Glor
February 28, 2000

Introduction: How *Can* the Innovation Process Be Understood?
Eleanor Glor

Introduction

The process through which innovation occurs is not well understood. Study of an innovative government offers an opportunity not only to explore what was done and how things were done but also to ponder how the innovation process can best be understood. Deciding how to frame the question is one of the most important decisions in creating a book about the innovation process. What concepts should be used? What aspects of experiences should be considered important in order to identify, assess and understand the innovation process[3]?

The starting point for this analysis of the Saskatchewan innovation process from 1971-82 is David C. Wilson's exploration of theories of change, *A Strategy of Change: Concepts and Controversies in the Management of Change*. Wilson is Professor of Strategic Management at the University of Warwick Business School and Director of the Research Centre for Creativity, Strategy and Change. Wilson identified the origins of his book:

> .... in an immense dissatisfaction with the way in which theories of organizational change have, over time, become synonymous with the management of change ....The problem in merging theory and application is that many of the assumptions, biases and contradictions of the underlying theories are lost in the haste to apply them. (Wilson,1992, Chapter 7)

Based on a wide-ranging review of literature on the change process, Wilson made three distinctions in analyzing change: Voluntarism versus determinism, planned versus emergent change, and change as a problem of implementation versus change as a process. He observed the extent to which programmed change permeates both formulation and implementation in organizations today. Wilson's distinctions between voluntarism and determinism form the basis for an assessment of the innovation process in the Saskatchewan government.

Voluntarism Versus Determinism

Voluntarism is the idea that people can choose to make and can enact changes. Will, empowerment, morale and culture are cardinal concepts in the current discussion of voluntarism, and formed the basis of much writing on innovation in the 1980s and 1990s, including my own (Glor, 1997a, 1998a, 1998b). Determinism, on the other hand, emphasizes forces that define what happens, including internal ones but underscores external ones. Rather than being focussed on the actions of planners and implementers, change and innovation are conceived in relation to other factors that have an impact on what happens.

Wilson identifies two basic approaches to change that conform to these concepts, the voluntaristic strategic choice framework and the deterministic systemic conflict framework. The strategic choice framework involves such approaches as organizational development, planned

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[3] The term process is used in this book in contrast to policy and to include the usual public administration concerns of personnel, finances, assets/purchasing, and administration–planning, organizing, accounting, controlling–*and* the way in which things are done in the government–the methods used to accomplish its tasks.

incrementalism, the enterprise culture as normative practice, learning from *best practice*, and the use of external consultants and change agents. Planned change, strategic planning and a focus on implementation are all voluntaristic views of innovation. The systemic conflict framework includes theories of organization such as contextualism, population ecology models, organizational life cycles, general market and business sector approaches, power in organizations and political models of change, and social action theories that emphasize the organization and situation as defined by individuals and the use of metaphor–the organization as theater, for example (Wilson, 1992: 22).

A focus on emergent change and process is a deterministic approach. While compressing all of these approaches into two risks reductionism, it moves consideration of the innovation process out of the one best way approach that has become foremost today among both practitioners and academics.

This book first presents the perspectives of eight authors on the innovation process in the Blakeney government. It then assesses the innovativeness of the Blakeney government in voluntaristic, then in deterministic terms, drawing on material from the book and analyzing the approaches of the Blakeney government. Finally, it assesses the relative value of and identifies the learning created using the voluntaristic and deterministic approaches.

Voluntarism

The concepts of planned change and implementation bring the voluntary approach down to the organizational level.

Planned Change

Although the assumption that innovation and change can be planned eliminates numerous possibilities from the lexicon of change, many authors concentrate on the introduction and implementation of innovation. They provide an assessment of how an innovation was introduced and focusing on the decision to approve and implement the innovation as a process of change within the organization. A move to an emphasis on case studies as the basis for examination of innovation and teaching of public and business administration has paralleled the introduction of the planned change model. Case studies of successful innovation were published, for example Johnson (1992), Watson and Burkhalter (1992), Keston (1992), Baker (1992), Nunn (1992), Hale (1991), Clark (1989/90) and Glor (1997a).

Most authors who studied planning and implementation of innovations either emphasized the elements or stages of the process or focused on the strategies employed: Duclos (1988/89), Jabes (1990/91) and Glor (1997b), for example, identified the elements of the innovation process in the organization. Grady suggested that a theory of innovation management was emerging, and reviewed published material from 42 states and a variety of agencies. He posited a quasi-sequential process for innovation development: problem-opportunity identification, innovation origination-development, organizational decision making-choice taking, and implementation-evaluation (Grady, 1992). Based on Rogers' process (1971), Glor also suggested a sequential process, consisting of readiness, negotiating approval, implemention, evaluation and learning (Glor, 1997b, 1998a). With a note of restraint, Golembiewski and Sun (1991) noted that the planned change literature prescribed numerous general guides for practice, but that there was still a lack of knowledge about the specific features of situations that lead to high success rates.

Most of these studies drew lessons from their experience. A study of the Minnesota STEP program, for instance, identified six key processes in government innovation–closeness to the customer, employee participation, managerial discretion, partnerships, productivity improvement, and work measurement (Hale and Williams, 1989, p. 33). Aucoin and Savoie's (1998) assessment of Program Review and Ingstrup and Crookall's (1998) review of well performing organizations also identified lessons (see below).

The prescriptiveness of these case studies is based on some implicit assumptions: that the essence of what happened has been captured, that what happens in governments can be controlled by managers, and that these innovations can be replicated in other situations. The approach is voluntaristic– it assumes there is causation and the causes have been identified.

Strategic Planning

Stategic planning is currently very popular. The concept involves planned change and is voluntaristic. Ingstrup Ole and Paul Crookall, in *The Three Pillars of Public Management: Secrets of Sustained Success* did a survey of public organizations in Canada and world-wide, asking them to identify two or three sustained, well-performing organizations within their public services that have performed at a high level over an extended period (6-10 years) and are significant contributors to the public good. They included Saskatchewan Transportation and Highways in the list–Saskatchewan Transportation in an earlier era is included in this study as well. From their analysis they concluded that the three pillars of public management are aim-mission, leadership and accountability; character-people, communication and trust; and execution-management tools and change management. (Ingstrup and Crookall, 1998: 8-13) They highlighted both strategic planning and change management.

A study of Program Review, the Canadian federal government's massive budget cutting exercise of 1994-96, is treated as a strategic planning exercise by Aucoin and Savoie in *Managing Strategic Change* (1998). The study drew lessons from the experience of individual departments and identified key elements of successful management of strategic change. Effective change required that the objectives of change be organized so that those at the strategic apex can identify priorities with respect to the way in which change is meant to unfold. There must be a commitment to going beyond incrementalism and instruments for facilitating the promotion of strategic rather than incremental change. Those most affected by the change must at some point buy into both the process and the intended results. Achieving change will be influenced by the degree to which an organization has prepared itself for change through planning. (Aucoin and Savoie, ed., 1998: 273-289) Choice and will were considered essential to their concept of strategic planning.

These studies treated the innovations and change as planned strategic change. In the extreme, planned change would be seen as creating a smooth transition from a previous strategic vision to a future desired state:

> This extreme and probably unattainable view is ... the basic principle underlying a considerable amount of change theory and technique, much of which can be found in examples from the North American literature on organization theory and organizational change. (Wilson, 1992: 27)

Wilson concluded that there are three elements to the concept of planned change: It involves managerial voluntarism, the idea that managers have choices; management theory, focussed on behavioural issues not, for example, the role of intellect, ethics and aesthetics. The emphasis should be upon planned strategic change, i.e. smooth transition from a previously articulated strategic vision towards a future desired state. Strategic change varies from psychological models through organizational development and includes programmed packages such as total quality management and some management training.

Several specific phenomena have been associated with the concept of planned change. Close links have been created among academia, government and business. Human resource management has emerged as a field of its own. Management training has been introduced, involving the notion of predetermined competencies. Overall the marker of planned change has been certainty about what motivates people, how they should be dealt with and trained, and what results are appropriate and will be achieved using these tools.

Practitioners and theorists have taken a comprehensive range of approaches to planned change, involving the behavioural, the structural and the cultural aspects of life. The levels of analysis used have included organizational behaviour, organizational analysis (emphasizing processes) and organizational theory. Proponents have suggested change could be brought about by changing the behaviour of individuals, improving the analytical ability of individuals, and creating organizational fit.

In 1911 Frederick Taylor introduced the concept of scientific management and the idea that there is one best way of organizing an activity. He created efficiency-based routines that became the basis of most manuf*Act*uring and especially assembly-line production. Today, again, the notion that there is one best way to organize has been introduced, now concerned with the structure and culture of organizations. This way is seen to be applicable to all kinds of organizational *Act*ivity–private sector, governmental and voluntary sector.

This one best way is currently the enterprise culture. It involves team-based cultures to foster innovation and entrepreneurialism, a best pr*Act*ice approach, and increased faith in consultants, change agents and gurus of organizational change. Wilson noted the ideological intensity of the enterprise culture

Implementation: Internal Management Correlates of Innovation

Several authors have attempted to identify the best way to administer innovation. Yin *et al.* (1977) identified administrative correlates of innovation, based on a study of 140 case studies of technical innovations, suggesting that key correlates of innovation were time pressures, personal and organizational objectives being closely aligned, institutionalization of innovative policies, the number of decision points required to approve the innovation, and the degree of professional organization, among others. Grady (1992) recognized some of the same correlates, but also communication channels, reward structure, use of a quasi-sequential process, the central role of management in fostering innovation, politicians and agency heads as initiators, and comprehensive planning. Rogers and Kim (1985) focussed on some of these elements, plus the innovation, members of a social system, and incremental innovation. The correlates of innovation identified by a number of authors are outlined in Table 1. The focus is on strategies and approaches internal to the organization.

Table 1: Correlates of Innovation

Variables:	Rogers & Kim	Jacques & Ryan	Mohr 1969	Merritt	Yin et al	Hale & Williams	Grady	Borins 1998
The innovation	x							
Communication channels	x			x			x	
Time pressures	x				x			
Members of a social system	x							
Availability of resources		x	x	x				x
Uncertainty in a structurally loose org'n		x						
Organizational conflict		x						
Strength of obstacles			x					x
Pers/org'al objectives closely related		x	x		x		x	
Process to encourage non-routine thinking				x				
Support for govt flexibility by public				x				
Process to evaluate & choose proposals				x				
Institution'n of innovative policies				x	x			x
No. of decision points					x			
Degree of professional organization					x			
Reward structure					x		x	
Organizational traditions					x			
Amount of client cont*Act* & influence					x	x		
Incremental innovation	x	x	x	x	x			
Transformational innovation								
Quasi-sequential process							x	
Employee participation						x		
Managerial discretion						x		
Partnerships						x		
Productivity improvement/work measurement						x		
Central role of management in fostering innovation*							x	x
Front-line and middle management as initiators								x
Politicians and agency heads as initiators							x	x
Comprehensive planning							x	
Coordination								x

* Grady: Higher-level managers support new concepts, lower-level managers support implementation.

Typically these authors have distinguished correlates of innovation, including process correlates, based on individual case studies. They attempted to identify the f*Act*ors that made innovation possible, more likely, and more successful. Twenty-eight keys to success have been identified by these authors alone, and the list grows longer with each case study published. This approach has meant these authors took a descriptive and prescriptive rather than an analytic approach to the correlates.

Several authors have done cross-sectional studies of cases of innovation. Sandford Borins (1994-95) and Glor (1997b, 1998a), for example, studied the Institute of Public Administration of Canada (IPAC)'s Innovation Award nominees and award winners. Sandford Borins surveyed the internal innovation processes of 217 American state and local innovators, the semifinalists for the Ford Foundation's state and local government innovation awards program from 1990 to 1994. He addressed initiation, obstacles, coordination and results, and found that innovations were most likely to be initiated, in descending order, by public servants outside the unit involved, agency heads, politicians and interest groups/non-profit organizations. Internal obstacles faced were primarily difficulty coordinating, logistics and bureaucratic attitudes. Three main coordination models were used: program coordinator in a line department, program coordinator in a central agency and interdepartmental committees. About 60% of the innovations were created without formal coordination, that is, usually by a line operation in a single organization. The main political obstacle was inadequate resources, but legislative and regulatory constraints were also a barrier. External obstacles consisted mostly of external doubts and reaching target groups. The semifinalists also provided the results of at least two indicators of their choice for the results of the innovation. (Borins, 1998). Governments were *not* compared for either their qualitative or quantitative innovativeness.

Like Borins, the authors of *Is Innovation a Question of Will or Circumstance?* appraise the role of stakeholders, bureaucratic attitudes, resources, coordination and results. The hypothesis that creating the internal organizational correlates of innovation was the major f*Act*or in understanding the Saskatchewan process is explored in chapter 9, by considering the relevance of and whether the variables identified in other studies were applied in the Saskatchewan environment of the 1970s.

Application to Innovation and This Book
The literature on innovation has paralleled the literature on management and organizational change. Focused on determinants of change during the 1960s and 1970s, the study of innovation shifted to a focus on internal organizational processes based on case studies during the 1980s. The shift was recommended by Rogers and Kim (1985, pp. 86-87, 96-97), who suggested that the innovation literature focus on internal processes and case studies. In keeping with the voluntaristic approach, *Is Innovation a Question of Will or Circumstance?* examines the internal process of planning and implementation in the Blakeney government in three ways. In the individual chapters and especially in chapter 9, it examines innovation as planned and as a problem of implementation by analyzing a number of the government's initiatives, describing plans developed, strategies used, processes employed and results achieved with the innovations introduced. It thereby responds to the call for in-depth case studies of innovation both for specific innovations and for a government as a whole. By looking at the strategic nature of innovation, it attempts to describe how innovation occurred as seen from the interior of the organization by participant-observers. Wallace, Glor, Kramer and Gentles, and Snyder in particular emphasize voluntaristic approaches. The issues they

address are summarized in Table 2. Secondly, *Is Innovation a Question of Will or Circumstance?* identifies the administrative innovations introduced by the Blakeney government to support its planning, implementation and evaluation. Thirdly, it assesses whether the correlates of innovation as identified by other authors were introduced in Saskatchewan.

Table 2: Innovation Process Issues Addressed in This Book

Issues Addressed:	Hammersmith, Hauk	Burton	Kramer & Gentles	Wallace	Glor
Transformational vs incremental innovation	x	x			
Political leadership		x			x
Values	x	x	x	x	x
Conditions for change	x	x	x	x	x
Managing the change agenda				x	x
Developing & managing the financial plan					x
Reforming budget & program review				x	x
Developing & managing the program plan				x	x
Strategy development & implementation process		x			
Process skills		x			x
Politics of managing an innovative department			x		
Organizational culture				x	x
Dealing with unions			x		x
Communications with the public			x		x
Consultation					x
Intergovernmental relations & coordination		x	x		x
Managing client & interest groups		x	x		x
Political environment for innovation	x		x		x
Policy vs process innovations					x
Public administration challenges in innovation					x
Process innovations				x	x
Political-bureaucratic relationship	x	x	x	x	x
Identify process innovations	x		x	x	x
Human resource strategies		x	x	x	x
Source of ideas for changes	x	x	x	x	x
Implementation	x	x	x	x	x
Evaluation	x	x	x	x	x
Rewards for innovativeness			x		
Tolerance for errors	x	x	x		x
Service to the public			x		
Departmental-central agency relations	x	x	x	x	x
Individual & departmental initiative	x		x		x
Redundancy		x			x
Opportunities foregone	x				x

Innovation as Determined

Wilson suggests that either the normative belief that change should occur and that it can be directed and controlled can be viewed as broadly correct or as *authentic jargon[4]*. Which position is favoured depends on the extent to which we support the evidence that change is a planned process amenable to being directed by managerial technique and *Act*ion or we support the counter-evidence that change is an emergent process. Determinism has been given a bad name by those critical of Marxist theories of determinism. The notion of determinism is not tied to Marx, however, who was merely one pr*Act*itioner of the approach. A theory of determinism suggests that outcomes have causes that are not merely the actions of the people trying to make them happen. An example of a deterministic concept is the business cycle. The deterministic approach in government is built on the theme that empowering managers to plan for change ignores the imp*Act* of wider and more determinate forces that lie outside the organization.   The theory that innovation is emergent holds that innovation originates in fundamental char*Act*eristics of the government, its society and history, and its social and political processes. Burton in chapter 4, and Hammersmith and Hauk in chapter 5, emphasize the deterministic aspects of the innovation process in *Will or Circumstance?*

Innovativeness as a Governmental Trait: the Organizational Variance Model

One theory of innovation as emergent is based on the idea that innovators have specific traits that are not tied to forms. Trait theory posits that human *Act*ions are demarcated by traits, regarded as broad enduring dispositions to behave in specific ways. If behaviour is primarily the product of a disposition, then *Act*ions should be discernibly consistent across situations and over time. (Bandura, 1986). Trait theory can be applied to individuals or to organizations, whose *Act*ivities are determined by people.

An approach to understanding variance in the trait of organizational innovativeness has been through study of the dissemination of innovations.[5] This method compares governments for whether and how early an innovation was adopted and what determined that response–for specific innovations and across many innovations. Through this analysis initiators and early adopting governments were identified as having the trait of innovativeness. The governments' and provinces'/states' char*Act*eristics were then compared in an effort to determine why they had or had not been innovative.

The variance model of the innovation process (Mohr, 1978) was dominant in the 1960s and 1970s. The tools used were variables and their associations, typically analysed quantitatively (Rogers and Kim, 1985: 97). Often relationships were determined through f*Act*or analysis to identify the contribution that different variables made to explaining the innovation phenomenon. Governments were compared to each other for how quickly they adopted policy, administrative and process innovations. Early adopters across a range of innovations were considered to have the trait

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[4] The "jargon of authenticity" is a term coined by Theodor Adorno to describe the language of ideology (Wilson, 1992: 37-38).

[5] Study of the dissemination of innovation began in the late 1930s with study of the spread of use of hybrid seed corn among Iowa farmers (Rogers and Kim, 1985).

of innovativeness. (Walker, 1969; Gray, 1973) It was difficult to draw conclusions about why these governments were innovative, but region, population size, urban/rural char*Act*er and dominant political party were some of the determinants suggested.

The seminal work on the trait of innovativeness was done by Mohr (1969), Walker (1969) and Gray (1973). They studied adoption of innovations by American states and, in the case of Mohr, the Canadian province of Ontario, concluding that large governments were more likely to be innovative. Light (1978) criticized the methodology used by Walker and Gray on three bases: sampling problems, substantiveness of the dimensions identified, and temporal variability–Walker covered 96 years, while Gray covered more than 185 years in her study. Unlike Walker, Gray (1973) suggested innovativeness was not a pervasive f*Act*or or trait but issue-and-time specific at best, so a fundamental difference of opinion about whether the trait existed was introduced into the debate.

Savage (1978) created a new methodology for indexing innovativeness. Based on how quickly American states adopted 181 new policies, he broke time down into three periods. Savage found a tendency for idiosyncratic states to become less so over time and predicted the more laggardly would become more innovative over time. He found three states (California, Minnesota and Ohio) that were consistently innovative, however defined as being in the top quartile across all three time periods. Another nine states consistently scored in the top half. Four were consistently laggards and seven were in the lower half all of the time. To use Rogers (1971) categories, the innovative states became more innovative over time, and the laggards fell behind even more. Savage also found shared regional responses to innovations–pro and con. He suggested there *is* a general governmental innovativeness trait. (Savage, 1978: 214-216)

Eventually those concerned with innovation concluded that the correlates approach was not sufficient. Whether this shift occurred because of the inherent problems in the approaches or because of other political and social changes that influenced a move to *one best way* is not clear.

Historical Determinants

Another emergent theory is based on historical determinants. Those who study history face many of the same challenges as those who study innovation. Each experience is unique. It is only through analysis after the f*Act* that key elements and patterns can perhaps be identified.

Historians have considered whether history is a series of unique events or whether it can be explained either analytically or even causally through a scientific method. The two main approaches explored in *Is Innovation a Question of Will or Circumstance?* have also been used by historians: History has been considered something planned and implemented by powerful leaders; alternately, history has been said to be determined –by f*Act*ors such as climate, agriculture, disease, trade, and technological changes. Historians have also faced the possibility that there is no control or process–that history is merely the amalgam of the unique experiences of individuals, with no comprehensive causes or processes.

The great leader approach to history has been very common, including in the Canadian penchant for political biography. *The Bible* and *The Koran* counsel it is God working through history. A clear cause and effect are postulated. Other historians suggested key determinants that do not control but have a major imp*Act* on history–f*Act*ors such as government, the military, culture, and geography. Jared Diamond advanced the ultimate cause in history is food production, and that it "led to the proximate causes of germs, literacy, technology, and centralized government."

(Diamond, 1997: 195) Harold Innis (1951) made a convincing argument that communication technologies are a determinant. Karl Marx identified classes as the major determinants in history. No agreement has been achieved around which key elements or groups of elements explains how and why history unfolds as it does. Some observers deny the value of both leadership and determinants completely. Isaiah Berlin considered this problem in his discussion of Tolsoy's thoughts on history, *The Hedgehog and the Fox* (1967). According to Berlin, Tolstoy and Virgina Woolf agreed that the "so-called social, economic, political realities" were outer accidents–the important aspects of life concern the individual soul. (Berlin, 1967: 21) Genuine reality is about individual experience.

Just as the writers of history take sides and try to convince readers of the rightness of their position that history is all about the working out of leadership, religion, technology, or individual lives, management writers also have often painted only one aspect of the picture of reality.

Deterministic approaches take many forms. Like historians, those who study innovation have tried to describe what happens in another unique environment, an innovation. The classic theory of determinants was applied to the study of innovation in organizations in the late 1960s and the early 1970s (Rogers and Kim, 1985) The variance model has been the chief means of exploring innovativeness as a trait of governments, and its determinants.

This research was too oriented to the role of the individual, typically the chief executive officer. Subsequent research focused on organizational structural variables but these dimensions did not covary extensively with the variable of innovativeness.

Implementation as a Process: Open Systems

A strategy for study of innovation as emergent treats government as an open system, influenced by its environment and influencing that environment. Open systems have a number of char*Act*eristics. They are defined by equifinality, the idea that choices are available concerning the design of internal organization, there is no one best way of doing public service (Wilson, 1992:42). They possess negative entropy. The predisposition to decay and disintegrate can be halted, and sometimes reversed. There is a steady state, but not equilibrium. The system changes in cycles and patterns, therefore concepts like reciprocal, cyclical, single-loop, inter*Act*ing loops, and tangential f*Act*ors are useful.   As a consequence of these char*Act*eristics, variance within an organization can be explained by f*Act*ors outside and comparative studies are much easier.

Process Model (Systems Analysis). The process model, as Wilson defines it, examines critically the context, antecedents, movement and history of changes, keeping an analytical eye on the organization theories-in-use that inform such an analysis. The examination of context is a large undertaking that requires a synthesis of understanding of the environment, apprehension and char*Act*erization of strategic decision-making processes, and char*Act*erization of transformation and change in specific organizations (Wilson, 1992, chapter 4).   A process model does not see implementation of change as the crucial problem, but the understanding of how change can or did occur as the key issue.

Population Ecology Model. The population ecology model is built on an analogy with nature–an organization is seen as one member of a set of similar organizations, the population. Organizational change and survival are an ecological process in which demands from the environment can result in the demise of weaker organizations and select out stronger, more dominant organizational forms. Three processes are at work: the creation or birth of new organizations, the

disappearance of some existing organizations, and the transformation of other existing organizations into new forms.

Environmental niches and organizational strategies are main concepts of the ecological approach. In environmental niches strategic change processes are aimed at achieving and sustaining a position within the general population of organizations, for example, federal-provincial governments or political parties. Niches represent the constellation of resources that support or inhibit organizational change (Wilson, 1992, p. 44). Niche width is determined by the combination of general resources and fActors specific to a sector such as business cycles, rates of innovation, union policies, the economy, and government policies, regulations and fiscal trends. Populations exist within each type of niche, for example the strategic groups of Porter (1980) that tend to adopt the same strategies. Organizations that operate in similar (business) sectors frequently adopt the same strategies, also known as recipes (Grinyer and Spender, 1979) . Populations of organizations with a broad environmental niche are generalists (in gardens they are called "weeds"). They can transform or reproduce themselves with relative ease. Specialist organizations have a narrow niche, and perform best in environments that are stable or change slowly and predictably. They have specific resource requirements and serve tightly defined markets. They can build flexibility into their structures.

The pursuit of particular strategies by some organizations which differ from sector recipes can temporarily upset the equilibrium of the wider open system: for example more efficient use of the existing resource base, Acting on new information, strategies based on culture–a mix of structure, processes and people–or new technologies. This creates temporary disequilibrium. It also causes the organization to focus on certain issues, such as management of organizational culture and the search for and adoption of new technologies.

An example of a population ecology approach is that used by George Ainsworth-Land. He recognized that evolution and human change follow similar patterns, and suggested that innovation creates both incremental and transformational change.

> "An understanding of evolution requires both the Darwinian idea of incremental change and (Stephen Jay) Gould's concept of nonlinear leaps to new levels of organization....an important principle of transformation theory (is) when two or more opposing arguments are presented, both or all are correct–in part." (Ainsworth-Land, 1986: xi, xi)

Ainsworth-Land describes his book as being about cycles of growth and evolution, and change. (Ainsworth-Land, 1986: xii)

Life Cycle Analyses. The life cycle analysis is focused on the deterministic potency of organizational age and development over time. Change is a transitional concept, only understandable over time. Most theories do not deal with time as a fActor–a major weakness. At its most extreme, this perspective argues that organizations adopt evolutionary, incremental strategies of change in times of stability and revolutionary change strategies between historical periods.

What is the life cycle? It is birth, transformation and death of organizations. Each stage provides the context for particular change strategies.   The life cycle can be viewed as the deterministic process of bureaucratization as organizations grow. A typical life cycle pattern consists of four stages:

•   *Entrepreneurial stage:* Its first task is to manufActure a product or provide a service. The

key issue is survival.

- *Collective stage*: The organization begins to take shape. Professional managers are recruited, departments and functions begin to be defined. The organization has begun to establish its position, internal tasks are allocated and who has responsibility and autonomy to carry them out becomes pre-eminent. Division of labour is established.
- *Formalization stage*: Systems of communication and control become more formal, there is a need to differentiate between tasks of top and lower-level management; systems of coordination and control emerge.
- *Elaboration stage* (strategic change): This stage requires learning of new skills to achieve change, and may include rapid turnover of managers.

Chapter 10 looks at the Saskatchewan innovative process from the process model, population ecology and life cycle perspectives.

Conclusion

Two lenses for looking at innovation have been suggested along the voluntaristic/planned/implementation and deterministic/emergent/process axis. The innovation process in Saskatchewan is considered through these prisms implicitly in the chapters of this book and is discussed explicitly in chapters 9, 10 and the conclusion. Whether the innovation process in the Saskatchewan government was innovative is also explored.

This Introduction has considered some of the ways in which innovation can be understood. The working assumption in *Is Innovation a Question of Will or Circumstance?* is that we do not know if there is one best way to understand innovation, and so each of the approaches outlined above–voluntary and determined–is assumed. *Is Innovation a Question of Will or Circumstance?* looks at the innovation process from each perspective without ruling out the other by definition. This approach is used as a strategy for answering a complex, methodologically difficult and as yet unanswered question–how can one understand the way government creates something unique like an innovation? Having considered each approach with as open a mind as possible, whether one way is the best way to explore innovation is examined in the Conclusion.

Section I: Central Agency Innovation

Sections I and II of *Is Innovation a Question of Will or Circumstance?* outline the administrative methods and process innovations of the Blakeney government. They provide the primary material that becomes the basis for the analysis done in Section III.

The central agencies played a key role in the Blakeney government in planning, funding, coordinating and evaluating the government's innovative program plans. They also contributed significantly to improving administration and accountability, and creating good government.

Chapter 1: Changes in Central Management and Organizational Culture
D. Murray Wallace

Introduction

This chapter is about the careful management of a major agenda for change. It speaks to changes in management practices from the perspective of a central agency bureaucrat, during a period of rapid economic and social development in Saskatchewan.

In the July 1970 issue of *Saskatchewan Financial and Economic Position*, an annual government financial review, then Provincial Treasurer, Honourable D. G. Stuart, noted that all economic indicators were worse in 1969 than 1968, and that 1970 did not look any better. The net value of all provincial output had shrunk by 3% with all sectors deteriorating at once. Worse yet, investment was off 15% from the year before and 6.4% below the 5 year average. Cash receipts from the sale of the major crop (wheat) were off 42% and the report summed it all up by saying: "Thus, 1969 was the worst year since 1955" (Government of Saskatchewan, 1970). In 1970, things were worse, with all the indicators declining, including a 50.7 % decrease in the net value of agricultural production–and this from record low levels!

When the Liberals left office in 1971, the Blakeney government inherited a positive net asset position of $54.0 million. They also inherited a largely demoralized and rusty public service. The lack of program initiatives and change in the preceding few years had left them unprepared for action, the way any enterprise left to languish would have been. And yet it was the public service, especially the upper echelons, that would have to be kick-started to life if the government policy agenda was to be developed into programs, and more importantly, delivered.

The new government had an ambitious agenda, containing dozens of major reforms, many of them very expensive looking. The key challenge was to set priorities, while at the same time recognizing the fiscal and economic realities of Saskatchewan in 1971.

Fortunately for the new government, *the worm was about to turn*. Almost immediately, and fortuitously the economy began to improve. Reporting on the performance of the economy in 1972, then Minister of Finance Elwood Cowley was able to report a significant gain in all sectors, with investment up 17% and housing up 36% (Government of Saskatchewan, 1973). Only agriculture lagged, and in 1973 it's value in terms of production rose 70%! In fact, the net value of all goods produced that year rose 43% (Government of Saskatchewan, 1974). The agenda, and the funding to accomplish it, were about to coincide happily.

While the new government set to work getting the various departments to sink their teeth into the program development challenges of the agenda, at the Department of Finance a different task was taking shape. There, the Deputy Minister, Garry Beatty, together with the new Premier Allan Blakeney were worried about how to create machinery capable of helping to implement, monitor and evaluate the new agenda–recognizing that almost every program implied radical and far reaching change to government administration.

At the same time, there was a clear priority that while the agenda had to be accomplished, it had to be done in a fiscally responsible way. Understanding that social democratic governments always have the reputation of being big spenders, Blakeney was determined to balance the budget over his term of office.

There was also an awareness that the economic and fiscal position were improving and that the dollars would be available for much of what the government wanted to accomplish.

Ironically, part of the challenge was to manage the financing of the change agenda–not just to afford what was programmed, but also to restrict spending to a pace that was affordable in the long term, i.e., sustainable. This became a very tough part of the challenge as commodity and grain prices improved, swelling provincial coffers in the first half of the 1970s.

The Organizational Culture

Much of the corporate culture was inherited–partly the Saskatchewan tradition of excellence in public service since the mid-1940s–but some of it was new, like the government of the day. The quality and reputation of the central agencies and operating arms of Finance and Executive Council were well known inside public administration circles and the financial community in Canada, generally.[6]

In this culture there was an openness to new ideas, new people, and a quest to search widely for the best talent to bring to the team. The central agencies, especially the Budget Bureau of the Department of Finance, recruited across the country, seeking the brightest and best, and in the early years of the government many moved rapidly out and up to senior positions, including that of deputy minister.

An important feature of this recruitment was the non-partisan nature of the search. While the preference was for people who had not been politically active at all, some of the new recruits had in fact been involved in parties other than the NDP.

At the same time, there was an awareness at the higher levels of the bureaucracy (and by the politicians) of the need to reform the central machinery. When radical suggestions were brought forward, they were adopted wholeheartedly. These reforms are at the centre of the process of change management that went on in that period. The lack of resistance to this kind of overhaul was remarkable, and would be the envy of many private sector organizations.

Another key aspect of the culture was the clear separation of the role of the public servant and the political master. It was well understood by both the senior public service and the Cabinet. While there were obviously glaring examples of when this was not observed, generally it was followed meticulously. The Premier in particular monitored and enforced the separation. This enabled the public service to do its job unfettered by unwarranted meddling in administration. As well, for the most part, prevented public servants from usurping the political rights of their Ministers. It also stopped them from making politics *go native*, in the *Yes-Minister* TV-program style.

Imagine the context: a new government with an ambitious agenda for social and economic reform; the emerging economic and fiscal recovery (bonanza); a corporate culture, which although slightly in need of repair, encouraged excellence and change; but at the same time, a central agency system directed to control fiscal affairs in a way which made the province a sustainable entity.

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[6] As a student articling to become a Chartered Accountant in Regina in the late 1960s, I was advised by a senior colleague that if I wanted challenge and the road to success, "Try the Budget Bureau. It's the best graduate school in the country". Since 1983, working in the private sector, I have learned that Saskatchewan Department of Finance officials, including people in the investment and debt management area, since the 1950s had a reputation for competence and innovativeness.

This had the potential to lead to some interesting social dynamics. One group with their foot on the accelerator, one with their foot, from time to time, on the brake. The challenge was to synchronize the whole operation, and to keep the vehicle on the road! Clearly some adaptation of modern flexible, responsive management practices would be required.

Both the Douglas and Blakeney governments in the Department of Finance and especially the Budget Bureau explored and developed the theory and practice of managing government. These governments and staff believed that the effectiveness of policy implementation was pivotally affected by how well a government plans, budgets and motivates its staff. Blakeney was personally interested in and remained involved in management of the government.

Conscious attempts were made to create an environment of excellence. Wes Bolstad and Garry Beatty had been public servants in the Douglas and Lloyd governments and were familiar with the excellence which had developed there.[7] Later, professors in the Faculty of Administration together at the University of Regina, they developed their thinking on these issues. Once they became key members of the Blakeney team, they sought out information about others' efforts, promoted excellence in public administration, and recommended and adopted means to create it. Their concerns were management structures, processes, effective machinery, and quality of people.[8]

In the Department of Finance, particularly in the Budget Bureau, a deliberate attempt was made to draw linkages with the excellent public servants of the past and to portray the current group as their heirs. Periodically, one of this earlier group gave a talk or did a contract for the government, so links were maintained through personal contact as well. Employees were encouraged to participate in and contribute to the Institute of Public Administration. Overall, the culture was one of pride, high expectations for innovation, reference to past traditions of excellence, and élan for building a new government.

In line agencies too, efforts were made to create excellence, serve the people of the province well, and develop a supportive culture for staff. Creative cultures of excellence underlay the many line agencies–one creative and another not so innovative line agency are described in this book.

Blakeney often reminded his ministers that they were members of the Executive Council, and his deputies that they worked for the government, not just their ministers. They were not just representatives of their departments: the Government and the good of the government came first.

Relations between officials and ministers were addressed directly. Premier Blakeney firmly believed in the traditional public administration distinction between the role of the Cabinet and that of the civil service. He had published and distributed to all new deputies two articles on the subject (Blakeney 1972, 1981) indicating the political level made policy and the civil service recommended options and carried out policy. In many ways, Blakeney functioned as the

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[7] Grant Mitchell, Deputy Minister of the Environment and later Cabinet Secretary; and David Dombowsky, President of the Saskatchewan Economic Development Corporation (SEDCO) and later President of the Potash Corporation of Saskatchewan had also been senior public servants during the Douglas government.

[8] The promoter personalities of Beatty and Murray Wallace and the supporter personality of Bolstad provided an effective combination for bringing these efforts to fruition.

Chairman of the Board of corporate Saskatchewan:[9] the Cabinet was the senior Board of Directors, and the Deputy Ministers and Crown corporation heads were Presidents of their firms. At Cabinet Planning Conferences, the deputy ministers showed what they had done based on instructions issued by Cabinet, outlined their plans for the future, and sought feedback from Cabinet. Blakeney, in turn, gave deputies their visionary mission statements for their policy sector for the year, and they went away to implement them. This approach led to a coherent, shared sense of the objectives of the government. Blakeney, however, emphasized that the government did not have a Chief Executive Officer, who coordinated all of the activities: this job belonged to the deputies.[10] A similar approach was taken with the Crown corporation sector: Crown Investment Corporation functioned as the board of directors of the head office of a conglomerate made up of individual Crown corporations.

Other policies also reinforced the sense of common cause. The government's and Premier's principled approach to politics set a tone which reinforced the rational approach of bureaucrats. The strong leadership provided by the key central agencies, the Departments of Finance and Executive Council helped create a coherent approach. The Executive Development Program, a Wes Bolstad concept, which was headed by an experienced deputy minister, Mel Derrick, provided career advice and support to promising senior officials. Adopting the wheat sheaf as a common symbol for all provincial programs, rather than the previous practice of separate logos for each department, also helped to reinforce a common culture.

Beyond these explicit efforts, this small group of experienced, enthusiastic politicians and civil servants believed that working in the service of the public was a worthwhile, in fact, the most worthwhile calling. They considered themselves professional, career civil servants. In Saskatchewan many of the most able students at the universities aspired to work in the government, in the Budget Bureau. Moreover, the attitude was always one of *can do.* They did not know that they should not take a leadership role, that their province was too small to be important. In fact, they believed theirs was the best civil service in Canada. The Quebec service was respected, the federal service by-and-large was not. In a sense, this attitude was overbearing and arrogant, but it also meant they accomplished far more than should have been expected or possible. Only such an attitude permitted a small provincial government to take on the federal government, the oil, uranium and potash industries, and to wheel-and-deal in the New York financial markets.

This culture did have some weaknesses, however. Not everyone felt supported and completely on board, including many minorities, women, and those who did not accept the culture. First, the government's efforts to attract and keep minority groups generally were not particularly successful, and few native people worked in the government. Only in the Social Planning Secretariat, which was devoted to Indian and native issues,[11] was there a concentration of people with aboriginal backgrounds.

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[9] Wags said he held court (he was a lawyer).

[10] See also Blakeney and Borins, 1992, pp. 2-11 and 90-95.

[11] At any one time, no more than four Natives were employed in the Social Planning Secretariat, of a total staff of 12. The use of a euphemistic title for the agency reflected the state of the issue in Saskatchewan at that time more than the intent of the government.

Secondly, women were not utilized and encouraged as effectively as they could have been. Four women were made deputy ministers or equivalent from 1971-82, the first appointed in 1972.[12] These appointments were notable rather than routine, however. At lower levels too, women tended to be appointed to more junior positions than men and to be promoted more slowly. While not satisfactory, the context at the time should be acknowledged. The federal government, for example, appointed its first female deputy minister in 1975[13], and followed with eight others to October 1988 (Bourgault and Dion, 1991). The Saskatchewan government was therefore in the forefront of these appointments as well, although not heroic in its efforts. From 1971-82 the government did not have any women Members of the Legislative Assembly, so there was no direct political pressure within caucus and Cabinet for dealing with the situation.

Thirdly, the tension between the new culture and the old was a significant dynamic in the government. Some people did not agree with the politics of the government, both from left and right. When they could, these people moved on to other work. Others felt overwhelmed by the aggressive, competitive, changing environment. This latter clash between cultures was exemplified by the relationship between the Budget Bureau and the line departments. Notable by their absence was the New Left or Waffle of the NDP.

Overall, efforts to create and support a culture of excellence were very successful in the central agencies and also successful in many line departments. Judged against the measures of success of implementing the new government's agenda, on a basis which was fiscally sustainable, it would be fair to conclude that the corporate culture of the time permitted and encouraged innovative solutions to tough problems.

As in all lasting administrative revolutions, most of the changes or innovations which occurred during this period came from the line, from Departments and agencies which were up against the customer, delivering the new agenda. What I will describe, however, are some examples of innovation in the central agencies or inspired by the central agencies–primarily the Department of Finance.

Central Agency Innovations

One of the earliest reforms was the modification of the basis on which the province accounted for annual cash flows–revenues and expenditures. The government wanted to balance its budget over a political term; it did not want to be judged solely on the basis of its annual performance.

The annual inflow of revenues to the province in those days was very uneven, with unpredictable cash flows arising from federal programs and resource revenues. If those were treated as recurring items–when they were not–it would threaten the sustainability model that was being pursued.

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[12] Arlene Hynd was appointed deputy minister of Consumer Affairs June 1, 1972, followed by Liz Dowdeswell in Culture and Youth in 1978, Lynne Pearson in Consumer Affairs (later Consumer and Commercial Affairs) in 1980, and Florence Wilkie as Cabinet Secretary (deputy minister equivalent) in 1980. As well, Marge Benson was appointed associate deputy minister of the Department of Agriculture.

[13]Sylvia Ostrey to Consumer and Corporate Affairs.

At the same time, a government might need to run annual cash flows in a way which helped to stimulate or to retract the economy. They needed a reporting tool that demonstrated clearly this approach, and that measured how they were managing over the entire economic or political cycle.

The solution was an accounting innovation known as Long Term Fiscal Accounting. The change was outlined in notes to the Department of Finance's *Economic & Financial Position* in 1973.[14] This was new, and broke ground in the presentation of financial information to citizens. While it was not embraced by the media in their reporting on subsequent budgets or public accounts reviews, it worked well internally to set aside one-time revenues from current expenditures.

This was a major change at the time. It was introduced rapidly. It was presented in advance to, and accepted by, the bipartisan Public Accounts Committee of the Legislature. Long term fiscal accounting was practised until 1982-83, when it was discontinued as part of new amendments to the reporting package.

The second major change was a series of reforms to the processes of budget and program management. In Saskatchewan in 1971, the resource allocation process was not effective. A number of years of policies of retrenchment had left the Net Assets of the province in good

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[14] "Recognizing that a government must balance its revenues and expenditures over the long run, it is also obvious that trying to manipulate figures in order to make cash revenues equal cash expenditures in any one year can lead to misleading information reported in the Public Accounts.

"The adoption of a long-term accounting concept enables the government to more accurately reflect a longer term approach to fiscal planning. Once it is recognized that governments plan programs over an extended economic cycle, it is apparent that deficits or surpluses should be reported over a period which coincides with that cycle. This does not mean that the traditional annual system of appropriation will vanish or that the annual statement reporting those cash revenues and expenditures will disappear. It merely means that this annual statement of cash flows is supplementary to the more important statement of income.

"In order to achieve this reporting breakthrough, two new statements are added to accurately portray the situation. One, a Statement of Budgetary Revenue and Expenditure, and secondly, a statement which will show the government's cumulative cash position at annual points during an extended economic period.

"The reason this is necessary to achieve fair reporting should be obvious. The large amounts of cash received from the federal government through the equalization formula have a substantial time lag inherent in them. This means that revenues will be artificially inflated or deflated some two years after they actually should have been reflected as revenue. In the past, Ministers of Finance and Provincial Treasurers have used a number of devices to smooth fluctuations in revenues and expenditures–these measures range from the deferment of revenues to the prepayment or postponement of expenditures. The adoption of long-term fiscal accounting recognizes the fluctuations in revenues and that government expenditure plans apply to a complete economic cycle–we now report our revenues and expenditures on that basis." Government of Saskatchewan, *Saskatchewan Financial & Economic Position*, July, 1973.

shape, but had rendered the budgeting model incapable of sound resource allocation.

The focus on cost control at the expense of policy initiative had made the process arbitrary, cumbersome and in the end ineffective at its main task–the allocation of scarce resources. A personal anecdote will illustrate the point.

As a junior analyst with the Budget Bureau in the summer of 1969, expecting to join this enlightened elite of dedicated professionals, what did I find? Analysts earnestly recalculating budgets on a mid-term basis to reduce expenditures by 5%. And by what enlightened process of review? Calculators locked in to a factor of 0.95, being run against each line of expenditure in the budget! It may have removed the 5%, but it was certainly the meat axe and not the scalpel. The worst impact of this approach was what it did to initiative in the line departments. Repeated, arbitrary reductions do not provide sound conditioning for innovativeness or risk taking.

The shortcomings of the entire process as it existed in 1971 are detailed in an earlier article on the subject in which the steps taken to reform the process are also outlined (Wallace, 1974). In summary, first, the entire approach to review was incremental–existing *bad* programs ranked ahead of *good* new ideas. Second, the focus was on inputs, not results. Third, decisions were made during a chronological review by the Treasury Board of all programs, removed from the context of competing programs. Fourth, line managers had no useful tool to plan or to measure progress.

The first step was to reform the process of budget and program review. While the need to establish the linkage between inputs and results was important, many of the outcomes of public policy are uncertain. The process of review should focus on preserving a fair cafeteria of choice among competing programs, rather than on attempting to quantify the unquantifiable.

In order to tackle the challenge, early in the process of reform the Cabinet and Treasury Board re-ordered the timing of their reviews, and the nature of the comparisons. The new approach created a fair competition among old and new for scarce resources by ensuring that decisions on final allotments were deferred until all programs were reviewed, and the process of sorting and re-sorting was complete. In this way a proper context for resource allocation was maintained.

The iterative nature of the review process, where items were periodically re-ranked by the Cabinet Committee (Treasury Board) preserved the cafeteria approach. It removed much of the gamesmanship of some of the crafty veteran practitioners of earlier days, who preferred to get issues decided (programs approved) in isolation from competition, or to offer up politically unpalatable cuts as the only option.

At the same time, the sanctity of the approach was guarded by the Premier, who steadfastly refused decisions with financial implications to be taken in other Cabinet Committees by officials or Ministers who *just wanted approval in principle*. It was his consistent contention that all fiscal decisions needed a fiscal framework in which to make them, and that approval in principle limited your options too early in the process.

Having made the process more rational, attention swung to the information necessary to support it. The central and critical problem remained: there was no system of planning, management information or control to assist the line managers to accomplish the government goals, linking inputs to outcomes. The answer to this problem was contained in the most innovative and comprehensive reform of all, the development and implementation of a totally new system of program management, the Program-based Management Information System

(PMIS).

In the summer of 1972, the Department of Finance became aware of work done by Robert C. Casselman, at that time director of the Modernization Systems Unit of the Commonwealth of Massachusetts, on a program-based information system known as PMS. His thesis was that program managers in government are the ones who really understand program delivery, and that their support and commitment for any new system had to be assured. Rather than serve the needs of budget agencies, Casselman's system provided information for managers to plan and to operate their programs. Better yet, the system was developed by involving the program managers in all phases of the process.

After long consultations with officials in Massachusetts, the experiment was brought north to Saskatchewan. In August of 1972, Cabinet directed the Department of Finance to restructure the budgeting process and to develop a program-based management information system, based on the PMS model.[15]

Next, Cabinet and the permanent heads of line agencies were introduced to the concept. In seminars with each group the expectations of the system were made clear. Reactions varied, ranging from enthusiasm to scepticism to disinterest. This response was not disappointing in that it was the same as the reaction to the initial attempt to introduce PMS in Massachusetts. They had learned that people would be convinced of the benefits of PMS as the process unfolded and the benefits became clear.

Then, deputy ministers were invited to apply to have PMIS implemented in their organizations. Fifteen of the 37 agencies volunteered, including the Department of Social Services, Continuing Education, and Agriculture, accounting for nearly 25% of the total estimated gross expenditure of the government. A mix of programs was chosen, in the hope that a sample group would avoid criticism that the process could succeed only where problems were easily quantifiable and where activities were readily identified.

PMIS was implemented in a way which supported its original thesis that the program managers were the experts and their needs were primary. Assurances were made and kept that the information would not be used as formal budget documents or reviewed by Treasury Board staff until departments specifically requested it. It was also made clear to Treasury Board and to Cabinet that the process would not be used as a tool for identifying marginal programs until all agencies were inventoried. The establishment of these ground rules was important in maintaining the integrity of the approach. Ultimately, all agencies went on the system, and the radical experiment became the accepted way to plan, budget and control. Like most program-based budgeting systems, however, it eventually died out, to be replaced by the old line-item budgeting system. This process is discussed further in the next chapter.

Looking back at this radical experiment in organizational sociology, the principles of making innovation stick contained in the process were sound. Business scholars, pop management gurus, and other observers of enterprise increasingly have become obsessed with the need for modern organizations to embrace and thrive on change. They have commented on the need to have grass roots involvement and meaningful empowerment as preconditions to

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[15] Which Saskatchewan dubbed PMIS, to emphasize the information-providing aspects of the system, rather than having it misconstrued as a total management system.

success. Without knowing it, other than from an examination of what had not worked in other jurisdictions, an approach was selected which made the reform part of the *solution* to a line manager's problems; not just another *demand* created by central agencies to satisfy their needs.

Who could imagine that, nearly 20 years ago, a government bureaucracy would be using concepts that would make Tom Peters smile today? Saskatchewan emphasized the line knows best, voluntary commitment, assurance that the information would not be used at the centre to disembowel agencies or programs, total involvement by program managers in the process, and definable, results-oriented measures of success built into the package. There are many private sector organizations with which I have worked that would envy the pace and ease of the PMIS implementation.

Judged against the measures of success of implementing the new government's agenda, on a basis which was fiscally sustainable, it would be fair to conclude that the corporate culture at the time permitted and encouraged innovative solutions to tough problems.

Epilogue

As the years passed, the problems changed, but in Saskatchewan there was (and is) never a shortage of challenges. In my view, the ability of the political and public service leadership to sustain change slackened. Any organization or enterprise needs renewal of some kind to enable it to think through new challenges in a fundamental way. One person's reform agenda is another's *status quo*, and the Saskatchewan government was beginning to fail to recognize the need for further change.

Maybe as the reformers had become complacent. Perhaps they were stretched too thinly as the focus shifted from the narrower agenda of government proper to all government enterprise, including the Crown corporation sector.

Certainly there came a period when the natural healthy tension between elected officials and bureaucrats (especially in the central agencies) boiled over into nasty feuds. I recall one budget finalization session in the late 1970s in which the Cabinet was actually outnumbered by central agency bureaucrats in the room. This fact was pointed out by one of the ministers who then left the room until the number of staffers in attendance were cut back. This was simply a manifestation of the strongly held view that bureaucratic entrenchment was beginning to limit the government's effectiveness.

There is another central agency of the period which deserves mention here, the Planning Bureau of the Executive Council. In his book with Sandford Borins, Allan Blakeney describes in detail the economic forecasting and issue-specific work that was done by that group during the time of his government (Blakeney and Borins, 1992, pp. 105-109). A bright and capable group of analysts, the Planning Bureau produced a number of background pieces and working documents which guided the social policy of the first term of the government, from 1971-75.

At the same time, there was an unhealthy competition with the Department of Finance which limited their effectiveness, almost from the inception of the Planning Bureau. The competition was for the hearts and minds of the Cabinet, and usually deteriorated into arguments between the *theoreticians and idealists with no practical ideas*, and the *closet conservatives and bean-counter*s–as each group characterized the other!

Because the Treasury Board held the purse strings, and because the Premier would not loosen the grip on his vision of fiscal responsibility, Finance usually won the influence battle.

This process rendered the Planning Bureau less relevant over time, especially after 1975 as financial concerns increased and the policy agenda became less clear.

Whatever the reasons, the corporate culture had changed for the worse by 1980, in terms of ability to anticipate and to manage change. All of the reasons why would need a much more thorough examination than I can provide here. However, there were some key lessons learned from the most innovative period immediately after 1972. Some of these lessons are particularly germane now when the Government of Canada and many provinces are looking for ways to *reform the public service* in a quest for true excellence.

Conclusion

Based on this experience, the conditions precedent to the creation of a corporate culture in government which is capable of innovation (or the management of change) includes those described below.

Genuine respect and enthusiasm from politicians: Allan Blakeney liked and respected competent public servants and admired their calling. He was a cheerleader for the public service–and the entire leadership of the public service respected him. This cannot be faked, and the slightest evidence of lack of commitment or lack of respect for the public service sets back the cause significantly.

Risk, recognition and reward: Make it modern. Good private sector organizations spend time and money to create an environment in which people take risks to achieve great things, are recognized and celebrated for what they achieve, and share the rewards of "getting it right". Clearly it will take politicians with the courage, and a sophisticated public affairs strategy, to make this happen, to have it supported by the media, and ultimately the population at large.

Big change management issues: This should not be a problem in Canada in the 1990s. Fiscal issues, social policy concerns, Canadian competitiveness for the 21st Century, and a host of other issues create a critical need for innovations in governments in Canada. Once again, the political courage to grapple with them is a necessary precondition.

An acceptance of ongoing revolution in management: Bureaucracies, public or private become entrenched and self-protective, moving toward an unhealthy equilibrium. Processes of evolutionary change led by *born again* incumbents are rarely enough to shake the culture sufficiently to release the inherent power and innovative capacity of people in the organization who have the ideas, experience and capacity required to solve big change issues. Ongoing effectiveness demands radical approaches if real renewal is to take place.

Listen to the customer–a way of life: As popular as this obvious notion has become, it cannot be overstressed. In the early days of the Blakeney government, politicians used a number of devices to stay in touch with their customers, including an annual *active listening* tour by the Premier himself all around the province. In turn, the leaders in the public service listened to their new customers–the newly-elected government. This made the agenda for change less traumatic than it appeared from the outside, rooted as it was in what the customer (elector) wanted.

These conditions in Saskatchewan made possible the processes which assured the government's success in implementing innovation. The central agency contributions to this process are outlined in this chapter.

Some observers have noted that the successes of the Saskatchewan of the 1970s were a result of simpler times and lots of money to throw at problems. Perhaps. But it is striking to

observe how many aspects of what is now regarded as modern management in the 1990s were being practised in Saskatchewan at that time. For those who were part of it, politicians or public servants, it was a great experience. Personally, there is hardly a day in working life that it is not possible to draw from the lessons learned in that period–lessons that I will never forget.

Chapter 2: Planning, Financial Management, Accountability and Administration[16]
Eleanor Glor

Introduction

Good planning, financial management and administration were crucial to successful innovation in the Blakeney government. This chapter discusses the primary management challenges the government faced, how it dealt with them, and its measure of success. The processes employed by the government in managing its change agenda are also examined.

A Plan

The NDP's election platform outlined nearly 150 changes the government was committed to making, a number of them fundamental in nature. Because of the many new and significant initiatives introduced by the government immediately after its election, planning was essential to create and coordinate novel plans and programs. Effective planning was supported by both a precedent for planning and the will to plan. The concept of central planning had been introduced to Canadian government early in the CCF government of Tommy Douglas (1944-61) when it created the Economic Advisory and Planning Board.[17] The Douglas government introduced a second planning body when it created the first Budget Bureau (Treasury Board staff) operation in 1946-48.[18] Under the Thatcher government (1964-71), the former was dismantled and the role of the Budget Bureau was severely truncated.

Added to this Douglas era historical precedent was a much more important factor, the will to plan. Blakeney was an effective and committed planner. During 20 years of experience in the Douglas and Lloyd governments, he had worked as a civil servant with both the Crown corporation and government sectors, and he had been minister in charge of four major Crown corporations and government departments. Noted for his excellent memory, Allan Blakeney was an unusually well-informed Premier; he was also an activist Premier. Fully committed to the 1971 party platform, *The New Deal for People*, he requested and received regular updates on the activities of central agencies and line departments (a list of departments is provided in Appendix I) and on progress in accomplishing *The New Deal*. Wes Bolstad, Cabinet Secretary and Clerk of the Executive Council from 1973 until 1979, attended these meetings, and said that "Blakeney

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[16] Thanks to Mike Costello and others who do not wish to be named for sharing their recollections of this period.

[17] Composed of Ministers of the government, a chair who was a civil servant, and a secretary, it organized an annual Cabinet Planning Conference, which reviewed the state of the economy, identified guidelines for the next budget, and provided the government with economic advice when asked to. The staff of the Board reported directly to the Premier (Cadbury, 1971, pp. 51-64).

[18] The Budget Bureau did program evaluation and management analysis, and introduced the notion that a budget is the financial expression of a plan. In practice, much of the most important planning in the Douglas, Lloyd (1961-64) and Blakeney governments was done in the Budget Bureau.

had a remarkable impact on all the major planning activities of the government, including the annual Cabinet conference on planning and budgeting and the periodic Cabinet retreats. He not only put the structure and processes in place, but he actively participated in them."[19]

Given need, precedent and will, planning in the government was less centralized and more distributed than might have been expected. It occurred in a number of centres, led for the most part by standing and *ad hoc* committees of Cabinet rather than by individual ministers. These cabinet committees included the Planning Committee (whose staff arm was the Planning Bureau), the Treasury Board (Budget Bureau), special Cabinet committees (secretariats), and the Cabinet Committee on Crown Corporations (Crown Investments Corporation–CIC). Individual ministers and their research and planning branches also developed many innovative proposals. Planning was focussed initially in the Planning Committee; later, it was decentralized considerably to the special committees and departments. This approach had the advantages of guaranteeing that a good deal of planning occurred, assuring one area did not become overburdened or dominant, and allowing the government a number of choices of planning centre.[20]

One of the chief advantages of this planning system was its capacity to maintain a broad government-wide alignment, rather than a narrow departmental- or policy-specific orientation. It also solved problems of lack of variety of input, as described by Thompson (1965-66, 1976). Despite the implementation of 126 policy innovations, in the longer term, the government's planning function did not continue to generate a politically acceptable package of new ideas which could maintain the innovative momentum of the government's early years. Was this the responsibility of central planners, or of the political party in power? While Blakeney looked to his planners to perform this role (Gruending, 1990, p. 91), as do most governments which have been in power for some time, the Saskatchewan government would have been better off to return to a grassroots political policy development process like the one used to develop *The New Deal for People* to perform this function.

Financial and Administrative Management and Accountability

Planning was an indispensable activity, but effective financial and administrative management were also essential to successful innovation.

Financial Innovations

The government's first priority was financial management. The primary agency with a mandate for financial and administrative management was the Treasury Board,[21] chaired by the

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[19] Personal interview, April 26, 1993.

[20] The Premier described as *creative redundancy* his practice of sometimes assigning people in different agencies to work on the same issue at the same time. Although this did not happen often, civil servants were usually annoyed by it because the most important currency in government for civil servants, especially those in policy areas, is responsibility for issues.

[21] Treasury Board had existed prior to the Douglas government to address a very restricted range of issues but its role was greatly expanded during the CCF government, under the guidance of Clarence Fines, Provincial Treasurer. Membership was very senior, including the Provincial

Minister of Finance. Blakeney had been Provincial Treasurer in the Woodrow Lloyd government, was his own Treasurer during most of the first year and for his first budget, and continued to be keenly interested and involved in financial issues throughout his government. He had a strong relationship with his Deputy Minister of Finance and relied heavily upon him to accomplish tasks. Finance staff were considered "doers," who got jobs done fast and successfully.

The finance department was responsible for all aspects of financial planning and control. Its structure was expanded and its capability improved during the years of the Blakeney government. Through a reorganization in 1972, the Department of Finance was split into four branches: Budget Bureau, Tax and Fiscal Policy, Investment and Financial Services, and Management Improvement. Thereby, the government was provided with much better debt and administrative management and tax policy development capacity than it previously had. Treasury Board processes were also streamlined at this time.

An important aspect of this reorganization is what it did not do. During this period of time, Canadian governments were breaking up traditional finance departments at both the federal and provincial levels. The federal government, for example, separated its financial planning from its budget preparation functions in the early 1970s with the creation of the departments of Finance and Treasury Board Secretariat. The most serious break was the separation of the spending from the revenue and taxation junctions. Senior Finance staff in Saskatchewan–Beatty/Wallace/Douglas/Costello–believed that it was essential to keep "both sides of the budget" under one Minister, within one organization, and under one Cabinet Committee. In the early 1980s, Mike Costello counted seven federal deputy minister-level positions that were under one in Saskatchewan, the Deputy Minister of Finance–the position he then held.[22] Not adopting this innovation preserved a total look at the Consolidated Fund in one department, and the government consistently considered revenues, expenditures, and management together.

Saskatchewan was the first Canadian government to introduce program budgeting in 1946; it was subsequently adopted elsewhere in Canada.[23] In early 1973, Saskatchewan introduced a performance measurement system, one of the family of output-oriented, performance measurement budgeting systems, adopted by governments during the 1960s and 1970s. Saskatchewan was an early adopter, being the third Canadian jurisdiction to introduce a program-based system, after Ontario (in 1968) and Canada (1969) (Gow, 1991, p. 23), but added a customer-driven perspective to it (chapter 1).

In 1977-78 changes were introduced to revitalize and streamline the ongoing and annual

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Treasurer, the Premier, and three senior Cabinet ministers; its mandate was to function as the administrative affairs and finance committee of Cabinet, including full review of budgets.
[22] Private email correspondence from Mike Costello to the author dated April 15, 1999.
[23] Program budgeting was introduced first in the 1930s in the U.S. Bureau of the Budget, under Donald Stone. Program budgeting with performance measurement elements was introduced by Robert MacNamara initially at the Ford Motor Company, then later at the U.S. Department of Defense in 1963 and the whole U.S. government in 1968. The Government of Canada introduced the Policy and Program-Based System (PPBS) government-wide in 1969.

Treasury Board review process. As a result of either a Finance Department or deputy ministers' retreat where Premier Blakeney indicated that the management of the system was becoming too centralized and cumbersome, Finance undertook a full review. Mike Costello, as Deputy Minister Murray Wallace's assistant, undertook the evaluation. Prior year Treasury Board agendas and minutes were analyzed and the report concluded that, indeed, too much of Treasury Board Ministers' time was being wasted on issues of low financial and/or strategic interest. The result was a new system that streamlined decision making such that Ministers' time was used only for significant matters. At the other end of the spectrum, lowest-level decisions were delegated to the Secretary of the Treasury Board or decentralized to line Deputies.[24]

The most vital central budget planning and control processes were the annual fall Cabinet Planning Conference, which set the overall parameters for the next budget; thorough review of budget proposals by Treasury Board; and the January budget wrap-up session. The budget wrap-up was a key (and tense) two-day meeting where the full Cabinet, with support from the Deputy Minister of Finance, Director of the Budget Bureau, and Chief Planning Officer, reviewed the budget and assured it balanced. Senior Budget Bureau and Tax and Fiscal Policy staff appeared as needed. Both the fall Planning Conference and the Budget Conference always started with an overview of fiscal revenue and tax options by Finance staff to set the stage for the budget deliberations.

The Budget Bureau was a powerful budget, policy analysis and control agency, that helped Saskatchewan ensure budgets balanced under CCF and subsequent NDP governments (Johnson, 1955). It functioned as the central information-gathering and -distributing agent for the government. Many governments (e.g.,, federal, B.C.) subsequently adopted a similar model, but usually without the policy analysis function.

The Saskatchewan reforms were validated in early 1978, around the same time as the Treasury Board process review. Peter Phyrr was invited to come to Regina for two days of meetings with staff and a presentation to Finance and deputy ministers. He was the founder/author of Zero Based Budgeting in the U.S. During his visit he looked at PMIS, the Budget Bureau, Treasury Board, and so on. Subsequent to his visit, he issued a very positive report saying he could make no suggestions on how to improve the Saskatchewan system, despite the fact that his model was sweeping the world.

The Blakeney government's main fiscal objective was a balanced (Consolidated Fund) budget over the term of the government. This it achieved (Table 1). To do so, both expenditures and revenues were managed, through the introduction of tax planning, investment management and performance measurement.

A second financial priority was, thus, tax planning. The major tax changes during these years were in resource taxes, where a new taxation regime, the profit sensitive royalty, was introduced (Glor, 1997, chapter 3). Revenues increased markedly as a result of the combination of tax increases, enhanced activity in the resource sector, and additional investment in and returns from Crown corporations. Provincial government revenues from potash, for example, increased from $5 million in 1972-73 to $53 million in 1974-75 (Laux and Molot, 1978, p. 842). Saskatchewan also maximized revenues by actively seeking federal/provincial cost-sharing. Saskatchewan was, for example, the first province to secure cost-sharing for day care under the

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[24] Thanks to Mike Costello for sharing his recollections of this review.

Canada Assistance Plan.[25]

Table 1: Long Term Fiscal Accounting: Financial Balance Sheet (Actual), Government of Saskatchewan, 1972-82 ($ millions)

Fiscal Year	Consolidated Fund Expenditures	Consol. Fund & Heritage Fund Expend.	Consol. Fund Revenues	Consol. Fund & Heritage Revenues	Consol. Fund Budgetary Surplus (Deficit)	Consol. Fund & Heritage Fund Surplus (Deficit)
1972	565	565	575	575	10	10
1973*	629	629	660	660	31	31
1974	787	787	822	822	35	35
1975	966	966	989	989	23	23
1976	1,187	1,187	1,308	1,308	121	121
1977	1,385	1,385	1,433	1,433	48	48
1978	1,503	1,535	1,460	1,571	(43)	36
1979	1,676	1,732	1,613	1,808	(63)	76
1980	1,846	1,919	1,784	2,030	(62)	111
1981	2,059	2,184	2,067	2,417	8	233
1982	2,408	2,524	2,416	2,664	8	140
Total government surplus (deficit), 1972-82					**186**	**864**

* Net budget figures are given for 1972 and 1973, gross budget figures thereafter. The government moved to gross budgeting in 1973-74.
Sources:
For 1972-75, Province of Saskatchewan. *Budget Speech*. March 8, 1979.
For 1976-77, Province of Saskatchewan. *Budget Speech.* March 5, 1981, p. 60.
For 1982, Province of Saskatchewan, *Budget Speech*, March 1983, pp. 17, 19, 26.

Tax and Fiscal Policy Branch, while small–five to ten people–was at the leading edge in a number of areas. For revenue and tax analysis purposes, the branch built from scratch a personal income tax simulation model to analyze various provincial income tax options and project revenues.[26] This model was also used in fiscal debates with the federal Department of Finance on revenue projections, tax change implications and other federal-provincial fiscal issues, including equalization. Although Premier Blakeney did not support the introduction of Established Program Financing (E.P.F.) in 1977, Tax and Fiscal staff played a critical role in the 1975 and 1976 negotiations, ultimately designing, with Ontario and Alberta, the all-provinces

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[25] See discussion of agreements later in this chapter under Federal-Provincial.
[26] The Planning Bureau in Executive Council built a macroeconomic model of the province's economy, but it did not function well, due to data constraints.   The only good models at the time were for Canada as a whole.

consensus proposal of 1976. In a sense, Saskatchewan was seen by the smaller, have-not provinces as the one that could best go toe-to-toe technically with Ottawa on equalization and fiscal transfer battles that were waged in the 1970's.

Managing debts and investments effectively was a third priority.[27] Following near bankruptcy in the 1930s and rescuing loans from the federal government in 1937, Saskatchewan had reduced its per capita liabilities, from the highest among provinces in Canada in 1943 to the third lowest by 1971; it was the second lowest in 1982, after Alberta and before British Columbia. Saskatchewan had become the third most indebted province again by 1992, while Alberta and B.C. remained the lowest. Saskatchewan suffered the largest increase in liability among provinces from 1982 to 1992. (Table 2)

Table 2: Liabilities Minus Assets, Federal Government, Provinces and Territories–Per Capita

Govt	Liabilities minus assets per capita								
	Year 1971		Year 1982		Change in liability 71 to 82	Year 1992		Increase in liability 1982 to 1992	
	$	Rank	$	Rank		$	Rank	$	Rank
Canada	854	11	3,888	11	-	14,851	11	10,963	11
Nfld	668	10	2,955	10	-	6,129	10	3,174	5
PEI	649	9	1,088	5	-	2,446	3	1,358	1
Nova Scotia	393	7	1,674	9	-	5,768	9	4,094	8
New Brunswick	530	8	1,521	8	-	4,453	5	2,932	4
Quebec	295	6	1,380	6	-	5,248	7	3,868	7
Ontario	174	5	1,516	7	-	4,000	4	2,484	3
Man	(48)	4	929	4	-	4,766	6	3,837	6
Sask	(148)	3	(1,191)	2	+ 2nd	5,358	8	6,549	10
Alta	(230)	2	(5,735)	1	+ 1st	(1,261)	1	4,474	9
B.C.	(373)	1	(677)	3		882	2	1,559	2
Yukon	1,167		(1,000)			(5,300)		(4,300)	
NWT	765		(1,449)			(2,435)		(986)	

Source: Statistics Canada. 1994. *Public Sector Assets and Liabilities, Historical Overview,* March. Cat.68-508, Table 1.4, 1.8

Because of its poor financial record, the Government of Saskatchewan historically had been unable to borrow in public markets and had borrowed money through private placements only. As a result, the province only had an informal credit rating in 1971. During the Blakeney

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[27] The public servants of the province also benefited from this strategy because the Department of Finance was in charge of investing the vested Public Service Superannuation Plan. The Devine government later devolved this function to the private sector.

years, the province received a formal, and excellent, credit rating which grew from AA to AA+ and AA1.[28] The province was not only able to borrow in the New York public markets for the first time, but at good rates.

Like other governments, beginning in the late 1960s, and coming into its own during the Blakeney government, debt for the crown corporations and lending to cover the costs of the early months of the fiscal year for the government were actively managed. At a time when the federal government was relying almost entirely on Canada Savings Bonds to raise funds, the Government of Saskatchewan was using its loan entitlements under the Canada Pension Plan, then topping these up with loans from the public markets. For the first time, the financial markets in New York were prepared to lend Saskatchewan money. Saskatchewan also borrowed money in the Canadian bond market and the Euro-US bond market. While international borrowing was not unusual, Saskatchewan arranged two Swiss franc bond issues in 1982 that were swapped to US dollars. These were the first currency swap (derivative) transactions by anyone in Canada, government or private sector and among the first by anyone in any market.

As Saskatchewan began to borrow in the public markets to cover debt for the crown corporations and costs of the early months of the fiscal year for the Consolidated Fund, Saskatchewan developed its capability in actively managing its investment and debt management. This capability began to develop beginning in the late 1960s, but came into its own during the Blakeney government. Saskatchewan developed a reputation in Canadian financial circles for this capability. By the late 1970s, Morley Mickeljohn, head of the section, had become a guru in public finance in Canada–a recognized expert in borrowing and accessing public markets. The federal government was behind in this area, as it relied primarily on Canada Savings Bonds to finance its borrowing. Today Canadian governments generally use public bond markets as one source of financing.

Excellence in investment and debt management was shown on two levels: public bond market players–investment bankers, institutional bond investors and rating agencies–had great respect for Mickeljohn and his team in executing and managing bond issues. As a result, borrowing costs and credit rating were always better than the fundamentals might have suggested. Secondly, Tom Lane, Rob Douglas and Mickeljohn's administrative staff were at the forefront at building debt management/liability management computer-based systems in the 1970s. Also, it is important to note the benefits of the system of consolidated borrowing. All corporations and agencies of government, including municipalities, borrowed through the Department of Finance. This allowed Finance to capture and sustain the benefits of one borrowing program and one well-protected name in the market place.

A fourth financial priority was dealing with unfunded liabilities, at a time when no other government was doing so. The Saskatchewan government confronted its unfunded commitments under the Workers' Compensation Fund and the public service, teachers' and utilities' pension funds by moving the entire provincial public sector to a *money accumulation* plan rather than the traditional *defined benefit* plan. Its unfunded liability under the Workers' Compensation Fund

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[28] *Budget Speech*, 1982, p. 32. The federal government, by comparison, typically has an AAA rating and the banks, at least in 1999 had a rating from Canadian Bond Rating Service of A-1 (high) and long-term A- plus (high). Dominion Bond Rating Service had reduced the banks' rates below this level. *The Globe and Mail*, March 12, 1999, p. B3.

was addressed by increasing rates charged employers; changing the basis of compensation from specific payments for specific injuries, as insurance companies provided, to payment for lost income; and limiting the commitment to widows and widowers without dependents who remarried to two years instead of lifetime compensation. This latter change, which represented a significant loss to spouses, especially widows, was adopted by all provinces within a few years. A court action in 1999 in Saskatchewan sought to reverse this action.

The unfunded liabilities of the largest pension plans, those of the public service, teachers, Saskatchewan Power and Saskatchewan Telecommunications (the crown corporations with the largest numbers of employees) were dealt with by adopting a new, fully funded plan for all new employees after a certain date. The move from a defined benefit to a money accumulation plan was the most significant, as it shifted the future liability from the government to employees. Since the Public Employees' Pension Plan (PEPP) was introduced October 1, 1977, it has worked out well for employees, since the market has so far performed well.

The pension plan had two unique characteristics. First, both employee and employer contributions were deposited in a fund which was invested in the money markets, with all interest going to the fund. The Government of Canada adopted this innovation for the Canada Pension Plan in 1998, effective 2000. Under the NDP this fund was managed by the government's investment managers in the Department of Finance and did very well; under the Conservatives it was privatized and did not do as well as expected. Second, all the public sector pension funds were converted from defined-benefit to money-purchase plans. The advantage to the government was that the fund was pay-as-you-go and so, although the government's contribution had to be paid out front, its commitment was known, fulfilled, and limited. It was a huge step that has had a significant impact on Saskatchewan's long-term balance sheet and fiscal health. No other provincial government has done this or even tried to do it.[29]

Administrative Innovations

Administrative reform was also a priority. The government created a management improvement unit within the Department of Finance during the early 1970s, headed initially by Dave Bock, later by Keith Saddlemeyer.[30] The mandate of the Bureau of Management Improvement (BMI) was to develop and introduce administrative reform in the Saskatchewan. With a dozen professionals, it promoted and supported the PMIS system, reviewed departmental reorganizations, offered administrative advice to departments and advised the government on collective bargaining. Functioning as in-house management consultants, much as Consulting and Audit Canada does for the Govenment of Canada today. It was operating in a Regina environment where very few private consultants were available. BMI did operational audits and management audits although not full comprehensive audits. Staff of BMI were also available when departments got into trouble or when senior staff needed a break.

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[29] To Mike Costello and myself, the importance of Wes Robbins' crusade to transfer all public sector pension funds from defined-benefit to money-purchase plans cannot be overstated. He personally drove this, demonstrating his genuine fiscal conservatism, and that of the Premier.
[30] David Bock went on to become head of the Public Service Commission and the Saskatchewan Liquor Control Board and to work with Atomic Energy of Canada. Keith Saddlemeyer later became head of the public service pension fund.

BMI's collective bargaining unit was an innovation not done in other governments at that time. A three-person unit, acting as staff to the Cabinet Committee on Collective Bargaining, provided advice and information on collective bargaining within the whole public sector. If the hospitals were bargaining with their nurses, for example, the collective bargaining unit would be providing information to the cabinet committee on this sector. By the end of the 1970s this Committee and its staff *set* collective bargaining mandates for hospitals, universities, etc. This function was not only effective, but largely invisible to the outside players.

PMIS was the other innovation introduced by BMI, as explained in chapter 1. A half dozen staff were assigned to work with specific departments to encourage and to help them convert their budgets to the PMIS. By 1976, PMIS was absorbing increasing amounts of management, staff and central agency energy. The system proved to be complex and cumbersome to use, hampered by the slow turnaround times of the Saskatchewan Computer computers. Thus, despite the good service offered by the unit, which took care of all the computer-related activities, departments and Budget Bureau analysts became frustrated with the inefficiency of the system. Although most departments eventually adopted PMIS, once its chief proponent, Murray Wallace, left Finance in 1979, the impetus declined. PMIS eventually became moribund, as did the other program-based management systems adopted by Canada and Ontario.

Accountability

The move to gross rather than net budgeting in 1973-74 provided a much more complete public presentation of both expenditures and revenues. Previously hidden details were given on all revenues, from the federal government (for agriculture, crop insurance, natural resources, municipalities and RCMP protection) and from payments from teachers for group life insurance, and from the public service for group life insurance and superannuation.

Saskatchewan was an early innovator in expanding the comprehensiveness of the disclosure of the financial dealings of government. In 1973, the Saskatchewan government had created the Energy and Resource Development Fund (ERDF) that received a substantial portion of new oil royalties, in the order of 60%, in a manner similar to that employed by Alberta and Saskatchewan when they later created their heritage funds. At the same time, this diverted the funds from the Consolidated Fund and legislative perusal. The ERDF was not shown in Budget documents, was not consolidated with the Consolidated Fund, but appeared in Public Accounts. The funds were in effect under Cabinet control. When the ERDF was turned into the Heritage Fund in 1978, the government introduced Legislative control and combined Heritage Fund and Consolidated Fund financial statements.

The Budget Speech and Estimates for the first time reported tax expenditures. The government also provided more information on the province and its programs, and increased considerably the level of openness concerning crown corporation practices. The Select Committee on Crown Corporations of the Legislature reviewed CIC annually; the Provincial Auditor audited the CIC consolidated statement and had the right to audit and demand the working papers of individual crown corporations. Crown corporation borrowing was made public and reports on individual crown corporations, CIC and the Heritage Fund were produced. This information was useful in negotiating loans in the New York markets. Even more radically, the Heritage Fund structure required the Legislature to *vote* all budgetary expenditures out of the

fund; in Alberta, huge capital projects were being funded without legislature scrutiny, a hot issue of the day. The Saskatchewan Liquor Board, another source of substantial revenues, remained outside of the Crown Investments Corporation and legislative scrutiny, however.

Financial Outcomes

The overall financial picture changed from recession to boom in the course of the government. Although the Blakeney government came into power in recession, within a few years the economy improved substantially, due to increases in oil prices (the price of oil quadrupled in 1973-74), improvements in crops and agricultural prices, and increased demand for potash.

The Consolidated Fund[31] budget and revenues increased fourfold from 1971 to 1982 in current dollars. The government's expenditures increased in current dollars from 1971-72 to 1981-82 from $0.582 billion to $2.524 billion, including Heritage Fund expenditures. Revenue increased from $0.592 to $2.664 billion.[32] (Province of Saskatchewan, Public Accounts and Annual Report, Saskatchewan Health Services Plans, 1972 and 1983).[33]   The gross debt increased from $0.709 to $3.316 billion, all of it self-liquidating debt, largely due to Crown Corporation borrowing, which would be repaid by the agencies involved. None of it was for government operations. (Province of Saskatchewan, 1982). In constant dollars (real dollars) the value of Saskatchewan government expenditures increased 85% from 1972-81, when both Consolidated Fund and Heritage Fund expenditures are taken into account. This made available substantially more expenditure resources than the government had begun with, in a recession-bound 1971-72.

The character of the government's revenues also changed during that time. While federal transfer payments had represented 22% of provincial revenues in 1971-72, by 1982-83 they only represented 14%. In 1982, the Heritage Fund, which received all resource revenues, received and expended about $800 million. Total equity in the Heritage Fund was about $1.477 billion by 1983 (Government of Saskatchewan, 1982, p. 71). Increased economic activity combined with higher taxes meant a combination of more jobs, a buoyant economy, and growing government revenues.

According to Statistics Canada's equalized basis for analysing provincial expenditures Saskatchewan moved from having the lowest per capita expenditures in the country to having the third highest. Revenues moved from the lowest per capita to second highest (Table 3).[34]

Table 3a: Actual Federal and Provincial Government Expenditures, Revenues, and Rank, 1971-72

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[31] The Consolidated Fund is the mechanism through which governments receive and dispense funds for government operations. Crown corporations and loans to agencies outside government are usually funded outside the Consolidated Fund.

[32] These expenditure and revenue figures sum both Consolidated Fund and Heritage Fund amounts, and are adjusted for overlaps.

[33] These figures have been adjusted to use gross budgeting in both cases.

[34] Dollar figures are different than those reported elsewhere in this chapter because Statistics Canada has attempted to use the same basis for all provinces.

Govt	Expendi-tures 000,000	Per Capita	Rank	Revenue 000,000	Per Capita	Rank	Surplus (Deficit) 000,000
Canada	18,375	852	6	17,050	791	7	(1325)
Nfld	551	1056	3	435	868	4	(116)
PEI	99	884	5	98	875	3	(1)
N.S.	566	717	11	555	703	12	(11)
N.B.	515	811	9	504	794	6	(11)
Que	5027	834	7	4663	774	8	-364
Ont	6404	831	8	5628	731	10	-776
Man	714	723	10	710	719	11	(4)
Sask	614	663	13	637	688	13	23
Alta	1516	931	4	1366	839	5	-150
B.C.	1520	696	12	1665	762	9	145
Yukon	26	1444	2	25	1389	2	(1)
NWT	91	2600	1	77	2200	1	(14)
Prov. Total	17,638	818		759	16,362		-1260

Table 3b: Actual Federal and Provincial Government Expenditures, Revenues, and Rank, 1981-82

Govt	Expend-itures	Per Capita	Rank	Revenues	Per Capita	Rank	Surplus (Deficit)
Canada	79,381	3261	5	67,442	2770	9	(11,939)
Nfld	1,701	2995	8	1632	2873	8	(69)
PEI	368	2992	9	367	2984	6	(2)
N.S.	2598	3067	7	2,179	2573	12	(420)
N.B.	1,959	2815	12	1,818	2612	11	(141)
Que	21,482	3337	4	19,419	3016	5	(2,063)
Ont	21,175	2455	13	19,584	2271	13	(1,591)
Man	2,938	2864	11	2690	2622	10	(248)
Sask	3,017	3117	6	3,134	3238	4	117
Alta	8,933	3992	3	11,269	5670	3	2,336
B.C.	8,015	2921	10	8,055	2935	7	40
Yukon	145	6304	2	152	6609	2	7
NWT	375	8152	1	401	8717	1	26
Prov. Total	72,707	2987		70,699	2904		(2,007)

Source: Statistics Canada. *Public Finance, Historical Data, 1965-66 to 1991-92.* Catalogue no. 68-512.

Although programs grew, all revenues were not dedicated to ongoing government operations. The Heritage Fund was created to receive about half of non-renewable resource revenues, and was used to support the economic development of the province through investment in Crown

corporations. In 1971-72, the only provinces not in deficit were Saskatchewan and British Columbia; in 1981-82, the only ones were Saskatchewan, B.C. and Alberta.

Thus, program expansion, though not all of the economic development activities (see below), was able to occur within the NDP's conservative, balanced budget fiscal policy. The Canadian economy, by comparison, was also booming during these years, but the Canadian government was running growing deficits yearly (Statistics Canada, 1993, p. 182.).

Saskatchewan was fortunate during the mid 1970s in having a growing economy and good prospects, as did many Canadian provinces at that time. None had anything like the boom that occurred in Alberta. What is most striking about Table 3b, however, is not how large the Saskatchewan revenues grew to be, at $3238 per capita, but rather how large those of Alberta were in 1981-82. Revenues per capita among Saskatchewan and all other provinces were within $700 per capita of each other while Alberta's were $2400 per capita higher than Saskatchewan's. Although Saskatchewan expenditures grew more than average, all provinces experienced substantial growth in expenditures during this period. It should be remembered, too, that the amounts of money involved in this expansion were relatively small by government standards, and that Saskatchewan had begun its period of growth with a program deficit, i.e., the Thatcher Liberal government had restrained government growth for ten years.

Nonetheless, the Saskatchewan government's net value (liabilities minus assets) grew during the Blakeney years, from a positive balance of $148 to $1191 per capita; unfortunately, by 1992, it had declined by $6549 per capita. Compared to other provinces, the assets per capita of the Alberta government grew most from 1971 to 1982, and those of Saskatchewan second most; they declined more than those of any other province from 1982 to 1992 (Table 2), to a level even higher than that of the federal government (Saskatchewan gross debt 76% of GDP, federal government 70% in 1992) (Table 4).

Conclusion

The rare combination of power, a desire to reveal the workings of government, and a desire to serve line departments produced a forceful financial and administrative capacity for the Government of Saskatchewan. Because of its centralizing impact, the Department of Finance was not always popular with departments, but it was the most effective and powerful central agency of the Blakeney government.

The Blakeney government developed a planning, financial and management capacity that contributed an important element to its successful innovation. As a consequence, it was able to be financially responsible, administratively competent and administratively innovative. Saskatchewan built a management sophistication well beyond what would have been expected, given its population size, economy and location. This was achieved by adopting modern management approaches and tools, and developing a culture of excellence and professionalism within the public service. Today, this new management approaches have come to be called New Public Management among academics. The political impetus behind administrative reform was very different in the Blakeney government than it is today with NPM, however.

Table 4: Canadian and Saskatchewan Indebtedness, 1943, 1971, 1982, 1992

	1943	1971	1982	1992

Federal Debt (1)				
Net (Liabilities minus assets) $ millions	6,183	18,361	97,711	420,951
Canadian Population	11,795,000 (3)	21,523,000	25,126,000	28,345,000
Per Capita Net Liabilities $	524	854	3,888	14,815
GDP $ millions	8,513	88,300	352,963	684,478
% of GDP	73	21	28	61
Gross Liabilities $ millions	8,815	39,291	145,463	476,610
% of GDP	104	44	41	70
Guaranteed Debt $ millions	Not available	Not available	10,453	26,566
Saskatchewan Debt (1)				
Liabilities minus Assets $ millions	209.9 (4)	(137)	(1,176)	5,379
Sask population	838,000 (3)	926,000	987,000	1,004,000
Liabilities minus Assets Per Capita $	250	(148)	(1,191)	5,358
Rank (among provinces)	highest	lowest	lowest	highest
GDP $ millions (2)	Not available	3,450	13,633	18,982
Net Liabilities as % of GDP	Not available	4	9	28
Gross Liabilities $ millions	Not available	742	4,007	14,366
% of GDP	Not available	22	29	76
Guaranteed Debt	Not available	Not available	10,453	26,566

(1) Statistics Canada. 1994. *Public Sector Assets and Liabilities, Historical Overview,* March. Cat.68-508. Uses *net debt,* the excess of liabilities over financial assets*.* Assets are cash on hand and on deposit, receivables, advances, securities, other financial assets. Liabilities are bank over-drafts, payables, advances, treasury bills, short-term paper, bonds and debentures, other securities, deposits, other liabilities. Excess of liabilities over assets (or excess of financial assets over liabilities): this consists of the accumulated deficit or surplus at the end of the immediately preceding period, adjusted to reflect the current surplus or deficit, changes in the classification of entities and changes in accounting practices and policies. Guaranteed debt is the borrowing issued by agencies outside government (e.g.,, government business enterprises) and guaranteed by a government.
(2) Statistics Canada, *Provincial Economic Accounts*, catalogue no. 13-213. 1982 and 1992 figures developed using an adjusted means of reporting GDP compared to 1971. Using earlier methodology would have produced a GDP of $14,760 million for 1982. The 1982 figure given is $2,058 million less than the preliminary estimate included in the March, 1983 Saskatchewan *Budget Address*.
(3) Statistics Canada. 1992. *Post-Censal Annual Estimates of Population by Marital Status, Age, Sex and Components of Growth for Canada, Provinces and Territories*. June 1. Cat. No. 91-210 Annual, Vol. 10.
(4) Source: C. M. Fines. 1945. *Budget Speech*. Regina: Thos. H. McConica, King's Printer. Consists of $183.4 million net debt, $8.5 million paid down, and $18 million contingent liability. Figures not available from Statistics Canada.

**Appendix I: Central and Line Departments of the Government of
Saskatchewan, 1981**

Central Agencies

Department of Executive Council
Department of Finance
Public Service Commission
Department of Revenue, Supply & Services
Department of Intergovernmental Affairs
Department of Government Services

Line Agencies

Department of Agriculture
Department of Attorney General
Department of Consumer Affairs
Department of Continuing Education
Department of Cooperation and Cooperative Development
Department of Culture and Youth
Department of Education
Department of the Environment
Department of Health
Department of Highways & Transportation
Department of Industry and Commerce
Department of Labour
Department of Mineral Resources
Department of Northern Saskatchewan
Department of Rural Affairs
Department of Social Services
Department of Telephones
Department of Tourism & Renewable Resources
Department of Urban Affairs

Note: Central agencies are those which provide support services to the government or other departments; line departments are those that deliver programs and services to the public.

Chapter 3: Managing Change in Economic Development[35]
Eleanor Glor

Introduction
        The Blakeney government actively attempted to influence and control the staples-based economy of Saskatchewan. Its primary tool for action in this arena was what would be known under New Public Management as alternate service delivery in the Government of Canada or Next Steps Agencies in the United Kingdom. In this case they were crown corporations.

Arms Length Agencies: Managing Crown Corporations to Achieve Economic Development
        While the Department of Finance was clearly the government's primary agent for managing the government side of its operations, when the initial big push for implementation of social innovations was over, economic development became the predominant concern of the Blakeney government. Although the CCF government of Tommy Douglas (1944-61) introduced central economic planning through creation of the Economic Advisory and Planning Board,[36] this board had subsequently been dismantled by the Thatcher government. As a result, when the Blakeney government began its economic planning, it had to create new agents to do so. The Executive Council planning groups–the Planning Bureau and special secretariats–were assigned chiefly to economic issues after 1975, and crown corporations were usually the agents identified to carry out the policies developed.[37] An effectively managed crown corporation sector was a necessary condition of this strategy. The government focussed on creating new mechanisms for guiding its crown corporations, accessing adequate financial resources, and enhancing and gaining more control over economic development in the province.

Management
        The Blakeney government created ten new crown corporations in 1973 and 1974, followed by the creation of three new resource crowns during 1973 and 1974. It also significantly expanded its utilities, Saskatchewan Power and Saskatchewan Telecommunications (Waller, 1997, pp. 32-35). The government required a means to effectively develop, support and direct its crown corporations. It established a management and control system for the crown corporations separate from government operations. The private sector holding company approach that it adopted had been tried for a few investments, such as the Canadian Investment Development Corporation, de Havilland, and Canadair, by the federal government, but this approach had been developed most substantially in the public sectors of Spain and Italy, and to a lesser extent in France. The holding company consisted of a crown corporation that held the equity of the Saskatchewan crown corporations, received their profits, approved their investment proposals, negotiated their borrowing with the Department of Finance, and offered a range of secretarial, accounting, legal and industrial relations support services. Crown Investments Corporation (CIC) was a full-service financing centre, within which nearly all financial relationships between the government and its crown corporations were consolidated. (Waller,

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[35] The author acknowledges Garry Beatty and Mike Costello, former deputy ministers of Finance for their contributions to this chapter.
[36] Composed of Ministers of the government, a chair who was a civil servant, and a secretary, it organized an annual Cabinet Planning Conference, which reviewed the state of the economy, identified guidelines for the next budget, and provided the government with economic advice when asked to. The staff of the Board reported directly to the Premier (Cadbury, 1971, pp. 51-64).
[37] The strategy was similar to the arms length agency strategy used by the British government during the 1980s, but in the economic rather than the government service delivery domain.

1997)
   Political decision making was vested with the Cabinet Committee on Crown Corporations, whose membership was ministers responsible for individual crown corporations (who were also chairs of their boards) plus the chief executive officer of CIC.[38] This was the only Cabinet committee to include a non-minister as a member. The Cabinet Committee on Crown Corporations was supported by CIC, which functioned as a central agency for the crown corporations.
   Decisions concerning crown corporation formation, their mandates, and major investments were made by the cabinet committee, thereby bringing some limited consistency to the actions of the individual crown corporations. CIC collected, analysed and processed key capital and operating information for the central decision point; monitoring mechanisms included prospective and retrospective evaluation and strict capital rationing. Most corporate performance data, outside of financial and accounting data, was not formally shared on an ongoing basis. Additional information was captured, however, by appointing corporate officers to the individual crown corporation boards and corporate secretaries to support them, and through Premier Blakeney requesting extensive monthly reports. Ministers, CIC staff and the Premier served integrating roles.
   How much control should be exercised over the crown corporations was a matter of debate within the government. A few ministers responsible for crown corporations, and some of the corporation staff felt CIC became too controlling to permit effective functioning of the crown corporations. They had earlier answered effectively to no one under the Thatcher government, where the mandate of the Government Finance Office had not even included either of the largest crown corporations–the utilities, Saskatchewan Telecommunications and Saskatchewan Power Corporation–although it had influenced them somewhat.
   The dynamic of central governmental control and influence versus operational freedom is played out in every government with a crown corporation sector. In neighbouring provinces, Alberta allowed its crown corporations to remain highly autonomous, while Manitoba theoretically retained more central agency control over its crown corporations (Stevens, 1989, 1991, 1993). As opposed to the Alberta Self-Contained crown corporation system, and the Manitoba Vertical Information system, Stevens concluded that the Saskatchewan Lateral Relations Model tended "to balance corporate autonomy and institutional control" effectively (Stevens, 1991, p. 310). Growing out of its experience managing a variety of types of crown corporations, including running a commercial province-wide bus service, mining and sale of sodium sulphate, and retailing of natural gas since the mid 1940s, (McLeod and McLeod, 1987, p. 172), Saskatchewan developed a workable model.
   The Blakeney government's crown corporation innovations have been outlined by Tom Waller as: The scope of the operations and the scope of the sector, the economic development functions assigned to CIC, the creation of different expectations for different categories of crown corporations–utilities, resources and financial and service crowns, and the preparation, beginning in calendar year 1978, of a consolidated financial statement reflecting all of the operations of the commercial crown corporations. (Waller, 1997, pp. 45-46)

Accessing Financial Resources for Economic Development
   Besides good management, and sufficient control of its crown corporations, the Saskatchewan government required funding for its economic development strategy.
   Although a number of the Saskatchewan crown corporations were unique, the Saskatchewan Development Fund was an innovation that offered individuals the opportunity to

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  [38] G. H. Beatty, who had been Deputy Minister of Finance, moved to CIC in July 1976 and became CEO in the fall. He was appointed to the CIC Board of Directors in July 1976 and remained a member until 1982.

invest in the province. Long before the current popularity of mutual funds for retail investors, this Fund, operating as a crown corporation and chaired for most of the 1970s by Hon. Wes. Robbins, had a mandate to offer safe investments for both income and long term growth while attempting to invest in Saskatchewan. Many of its investments were Saskatchewan government bonds and Treasury bills and some Saskatchewan-based corporations.   In 1976 the Fund began offering deferred income averaging annuities. At an undetermined point the Fund began guaranteeing a minimum return of 5% compounded annually: This was a factor, for example, in 1982.

A larger source of funding for economic development than the Saskatchewan Development Fund Corporation was the Saskatchewan Heritage Fund. Like Alberta, which created the first Heritage Fund, Saskatchewan adopted a strategy of depositing its resource revenues in a Heritage Fund created for the purpose. Saskatchewan's Heritage Fund differed from Alberta's in that only a portion of the revenues was intended to be used for investments in the crown corporations and the economic development of the province.[39] From 1978, when it was created, to 1982, the Saskatchewan Heritage Fund received $3,040 million in non-renewable resource revenues. This equalled 35% of the government's total (Consolidated Fund plus Heritage Fund) revenues during this period. $1,678 million (55%) of the Heritage Fund revenues were paid as a dividend to the Consolidated Fund, $432 million (14%) went to provincial development expenditures (capital investments in roads, health and educational institutions, research and cultural facilities), and $825 million (27%) was invested in crown corporations (non-budgetary transactions[40]) (Government of Saskatchewan, 1982). Saskatchewan also borrowed $1,493 million for crown corporations during this period, for a total crown corporation investment of $2,318 million over five years.

Through creation of the Heritage Fund and borrowing, Saskatchewan amassed the financial means to develop and influence the economy of the province.

A Tool for Economic Development

Although this strategy was not unique to Saskatchewan during the 1970s, more than other provinces, the Blakeney government stimulated economic development under provincial control or in joint venture with the private sector. It assured initially, and later legislated, the province's right to purchase, within three months of the claim being staked, up to 50% of any hard rock mining claim in Saskatchewan. By picking up this option, the government automatically created joint ventures and majority or substantial ownership by the province. Alberta, in contrast, tended to maintain minority investments and chose a less active role in the decision-making of the companies in which it invested; nonetheless, it also followed an activist path in economic development, attempting to diversify through petroleum-linked investment and industrialization (Richards and Pratt, 1979, p. 231).

The Saskatchewan economy has always been dependent on staple products, with agriculture (crops and livestock) representing about 45% of production during the 1970s. Other major products were food and beverage, crude oil, potash and uranium (Table 1).

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[39] Some argued that so much was paid as a dividend to the Consolidated Fund to finance operations of government that when resource revenues collapsed in 1980-81, unsustainable expenditures were in the base and deficits and killing debt ensued. Others argued that the Devine government's deficit arose from establishing expensive new programs like home repair grants and homemaker pensions and eroding the revenue base, especially by abolishing the gasoline tax and reducing resource taxes.

[40] These are expenditures which do not affect the bottom line of the balance sheet (Consolidated Fund), and do not affect the annual deficit e.g., a loan , which appears in the books as an account receivable. Source: 1993-94 *Estimates*, Part I, Government of Canada, p. 72.

Table 1: Major Products, Saskatchewan, 1978 and 1981

Product	1978 $ millions	1981 $ millions
Crops	1,711	3,239
Livestock	614	658
Food and Beverage	559	844
Crude Oil	689	821
Potash	496	998
Uranium	261	258
Subtotal	4,330	6,818
Other	1,040	1,800
Total Farm Products, Manufacturing, Mineral Sales	5,370	8,618

Source: Government of Saskatchewan, *Budget Address*. March 1983, pp. 32, 33.

Their production grew 60% overall from 1978 to 1981. The government's economic strategy was to secure better benefit from these products, especially ones where Saskatchewan had major deposits of significance in world markets (potash and uranium). Although it encouraged some *niche* manufacturing, like specialized farm implements, and some innovative manufacturing, such as fuel alcohol and fibre optics production, Saskatchewan did not expect to develop a major manufacturing base, except as a natural extension of development of its primary industries, e.g.,, milling of ores. Alberta had higher expectations in this regard, and better prospects.

The CIC information-gathering system enabled management and the board, and through them, the government to be well informed about economic activity in the province, to be aware of opportunities, to pursue them, or to arrange for others to pursue them. Thus, CIC worked toward development of a paper mill and a heavy oil up-grader, in partnership with the private sector and a cooperative, respectively, during the 1970s and 1980s.[41]

The Saskatchewan government's economic development strategy was one of joint venture equity investment in provincial resource industries. The process it used was one of collaborative development, except in the case of potash where it tried but was unable to secure industry cooperation until it had coercively purchased a large portion of the industry. The province created and invested in new crown corporations, gained greater control over existing ones and used them as a major element in its economic development strategy. It thereby brought very substantial resources under its control and created a large managed economic presence in the province. Saskatchewan gained control of the potash industry in the province. By 1982, crown

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[41] The Government of Saskatchewan owned 30% of the pulp mill from the time of its construction in the 1960s, and this continued until the late 1970s when the Government of Saskatchewan bought up the remaining 70%, and became 100% owner of the Prince Albert Pulp Company. Later, in the Devine years, this pulp mill was sold to Weyerhaeuser and part of that transaction was an agreement by Weyerhaeuser to construct a paper mill. With respect to the heavy oil up-grader the Government of Saskatchewan was in discussion about becoming a partner in a heavy oil up-grader in both Lloydminster and Moose Jaw. Neither of these matured during the Blakeney years. During the Devine years, the province became involved in heavy oil up-graders in partnership with a cooperative in Regina, and the private sector in Lloydminster.

corporations were the largest employer in Saskatchewan and CIC was listed as the 14th largest corporation in the Financial Post's list of the top 500 corporations in Canada. Crown corporation assets accounted for one third of Saskatchewan's GDP and crowns accounted for more than one fourth of total investment in the province (Stevens, 1991, p. 305, from *Regina Leader-Post*, 12 August 1982, p. 5). In contrast, the federal government's conglomerate, the Canada Development Corporation ranked 38th among the top 200 industrial enterprises in Canada in 1976 (Laux and Molot, 1978, p. 843). In its approach Saskatchewan participated in a trend followed not just by social democratic but also by most other governments in the rest of Canada, Europe and elsewhere, but not in the USA.

Was the government's economic development strategy a success? From 1971 to 1981 the provincial GDP expanded fourfold from $3.509 billion to $15.044 billion in current prices and 1.5 times from $3.5 billion to $5.451 billion in constant prices. Unemployment ranged between a low of 2.8% and a high of 4.9%, alternating between the lowest and second lowest rate among provinces (Government of Saskatchewan, 1981, p. 73; 1982, p. 83). In other words, the economy did very well indeed during the period. By creating a world headquarters for potash in Saskatchewan, it had created the potential for related decision making, research and development, and greater employment in Saskatchewan.

Was the government responsible for this expansion? Certainly not completely. The major factor in Saskatchewan's economic development during the 1970s was increased prices for crops and resources; Saskatchewan's economy finances benefited, then it declined again when prices fell during the 1980s. Nonetheless, the government's strategy supported development, while also building a number of social objectives into its economic development strategy including provincial control of resources, local purchasing, high employment, employment of aboriginal and northern people, environmental responsibility, and labour benefits. As with the Saskatchewan Development Fund and many other economic initiatives, the attitude was an empowered *can do* and *we can do it ourselves*.

Conclusion

Despite these many advantages of the Blakeney government's economic development strategy, it had a major weakness: it did not retain the support of the people of the province. The government failed to communicate effectively and develop general support for its economic development approach. The NDP was weakened by the debate over uranium. The biggest and most contentious investments in resource industries came as the economy began to worsen, inflation spun into double digit figures, interest rates went sky-high and the financial position of individuals with debts, many of them farmers, became serious indeed. Large farmers returned their support to the Conservatives, who promised relief.

The government did not develop grass-roots contact with the people of Saskatchewan on the issue, but instead developed and aired an expensive advertising campaign for *The Family of Crown Corporations*, portraying the government much like any other large corporation at a time when and in a place where large corporations were not popular. The Conservatives built successfully on the idea that the government/crown corporations were rich while the people were not. If anything, the advertising campaign helped contribute to this image. The population's support for development through the government, which had never been strong, turned into active criticism. Among other things, in the 1982 election, the public endorsed the feasibility of eliminating the gas tax to transfer *wealth* from the government back to the taxpayers.

Chapter 4: Central Secretariat-Based Change:
Managing the Potash Take-Over
John S. Burton

Introduction

During the 1970s, the Government of Saskatchewan undertook daring new initiatives in the management and utilization of potash resources. The potash industry, developed in the 1960s, was looked on as a boon to the provincial economy. A period of difficult years for the industry brought serious problems and unusual government initiatives to alleviate the situation.

The overriding objective of the government was to ensure that development of the resource would serve the best interests of the province and bring maximum benefits to its people. When the Blakeney government took office, its initial approach was to manage the immediate situation and overcome current problems. Despite the commitments to explore the feasibility of bringing the potash industry under public ownership in the government's platform[42], a longer term strategy was then developed which emphasized taxation as a means to ensure adequate returns to the province while taking a much more cautious approach on ownership. The more dramatic move to acquire ownership of facilities took place only when the first strategy failed. It was an unprecedented initiative in the resource field, where Canadian governments had always been very cautious. A combination of skilful political leadership and careful management was crucial in achieving goals.

In opposition, the NDP had been quite critical of the actions of the previous government. The new NDP government proposed fundamental policy changes on many matters, including potash, in its election manifesto and was firmly committed to implementation.

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42. The *New Deal for People* included the following commitments:

> End the present government collaboration in a potash cartel that restricts Saskatchewan output and jobs. Because the present owners have generally shown unconcern about jobs for Saskatchewan miners, and because they have used their power to force farmers to pay exorbitant fertilizer prices, an NDP government will consider the feasibility of bringing the potash industry under public ownership....

> We have faith in Saskatchewan people. We believe them capable of developing their own resources for their own benefit. Outside help is sometimes necessary, but a sellout is not. Development must be aimed at maximizing benefits for people - not maximizing profits for big business and its promoters....

> Oppose any further sellout of our resources. With respect to new development, the NDP will give first priority to public ownership through crown corporations. Co-operative ownership will be encouraged. Partnership arrangements between government and co-operatives or private developers will be undertaken when appropriate. Limits will be established with respect to foreign equity capital, and every effort will be made to limit foreign investment in resource development to non-equity capital....

> Review existing royalty and other arrangements with a view to renegotiating, where necessary, those not in the interests of Saskatchewan people. Where feasible, we will reclaim ownership and control of foreign- owned resources.

The government addressed potash issues soon after assuming office, setting the objective of promoting stability in the short term while determining a longer term course of action. Only gradually did the government become more involved in potash affairs. How best to accomplish goals, particularly without industry cooperation, was not always clear. Policy evolved over time and was influenced by events not foreseen at the outset. This resulted in a course of action by the government which, while an option, had not been originally anticipated.

Molot and Laux (1988) have written about the events themselves, but management of these events also deserves special attention. This chapter addresses the way in which affairs were managed in order to achieve goals and the way in which external events, some unpredicted, were managed. Appendix I describes the status of potash in Saskatchewan in 1969.

A Crisis - Too Much Potash

Potash markets did not yet require the huge increase in productive capacity that came on stream within a very short space of time in the late 1960s. The result was a dramatic drop in prices. Some mines with less secure markets were in danger of shutting down or closing permanently. Premier Thatcher declared, "Seldom in the economic annals of Canada have we seen such responsible companies get in such an economic mess". This comment ignored the role played by the government in encouraging over-development.

By 1969, Saskatchewan's potash industry faced a full-scale crisis. At that point the Liberal government, at the request of the industry, introduced its potash plan, involving production controls (prorationing) written into regulations and an understood floor price. It effectively established a cartel in the industry. While cut-throat competition was eliminated, thus avoiding plant shutdowns, it also left the Saskatchewan industry as the residual supplier in world potash markets. The federal government expressed concerns about the constitutional aspects of the plan, but in the end made a political decision not to challenge the Saskatchewan government's actions.

During this period, the NDP, then in opposition, was very critical of the government's actions. It pointed to job losses, foreign control of the industry, concessions to the industry, low returns to the province and poor management by the government.

The New Government - Initial Steps

On June 23, 1971, the New Democratic Party swept into power with a large majority. Its comprehensive election program dealt with potash and related resource issues. The new government formed a small Cabinet of ten Ministers, with the Minister of Mineral Resources, E.R. Bowerman, also functioning as the Minister for the newly designated Department of Northern Saskatchewan. DN constituted one of the major priorities of the new government (see chapter 5); consequently, it often required the full attention of the Minister.

The only staff in the government familiar with potash affairs were officials in the Department of Mineral Resources. New staff engaged by the incoming government had to give priority attention to a host of other matters. Hence, departmental staff were relied on for support services. They consisted of personnel who were technically competent, who in some cases had been with the government for many years, whose outlook was professional, but who in some cases regarded the department as a service agency for the private sector. As the events of the 1970s unfolded, it became clear that some were having difficulty in coping with the significance of what was happening. For many of them, the philosophy underlying *New Deal for People* and its program was totally foreign.

The government reviewed the potash prorationing plan and decided to continue it on an interim basis. Potash producers met with the Premier, praised the prorationing program and requested the government to continue it. In October 1971, the government invited the potash industry to comment on prorationing and its administration. The government asked the industry for its unqualified support if, in its opinion, the program should be continued. The response was totally favourable.

In December, the government announced the program would be continued, and changes

were under consideration that would base the formula on productive capacity only, rather than capacity and market share. The government also indicated its support for a proposal for a producers' marketing organization for off-shore sales. The Minister stressed the need to increase overseas sales, the merits of a marketing board or organization, his dissatisfaction with government revenues from potash, the continuation of prorationing and price stabilization, and support for a strong producers' organization. The government was seriously looking at a provincial marketing board for potash.

Shortly after, a new Minister of Mineral Resources, Kim Thorson, who had been elected in a by-election, was appointed. Following his appointment, a detailed proposal for changing the prorationing program was circulated for comment. Most of the industry responded favourably with one notable exception - a company that would lose some allocation because it benefited from the existing formula due to a large firm marketing arrangement. Later the Minister spoke to the Saskatchewan Mining Association and emphasized again the government's interest in marketing of potash.

On May 23, 1972, potash prorationing fee regulations were passed setting a fee of 60 cents per ton of potash product. The industry accepted this move. This was followed, on July 1, by changes to the prorationing formula to base it on productive capacity only. The one company that had opposed this change most vigorously reacted quickly with a court action that was turned down.

On October 24, 1972, the Minister spoke to another mining meeting, and referred to suggestions he had made about buying the mine that was objecting to the new prorationing formula. He went on to describe the government's outlook in terms very near those contained in *New Deal for People*. On December 11, the company objecting to the prorationing formula commenced a court action to have the prorationing regulations declared *ultra vires*. It was clear that the situation was heating up.

Probing Deeper

In meetings and conversations, Premier Blakeney pointed to potash as a resource with great potential for Saskatchewan, and wanted to see a policy developed that would serve the province well, not just in the immediate future but on into the 1980s and beyond. He felt the need for more in-depth work to be done on potash. Late in 1972, I was engaged in the central agencies, first in Finance and then in Executive Council, to examine resource policies. I am an economist and former Member of Parliament. Special attention and priority was to be given to potash. Liaison was to be established with the Department of Mineral Resources, and the matter was to be discussed with the Minister.

The Minister reacted sharply to this development, and it took some time before matters were sorted out. He felt that the Department should manage affairs, and that there was no need for others to be involved (see also Gruending, 1990). In spite of this setback, liaison was established at the staff level, and preliminary discussions commenced.

After some delay, a Cabinet Directive was issued instructing the Department of Mineral Resources and myself from Executive Council to prepare a report on a broad range of potash matters. It was also arranged that I would attend all meetings between the Department and the potash industry. I was identified as *the Premier's representative* or as *a representative of the Premier's office*. Industry officials of course took note of this development immediately, and began to make calls on me as well as on the Department.

Extensive discussions took place between Mineral Resources and Executive Council, and after some time, a report was submitted. It was not unanimous, however. While some areas of agreement were reached, there were some significant points of disagreement remained including the analysis of the existing situation, taxation and the feasibility of public ownership. The report was submitted with separate comments on areas of disagreement.

The need for changes was becoming evident, however. By mid-1973, the Minister of Mineral Resources announced that some changes would be made in the prorationing program because of government dissatisfaction. Concern was also expressed about Saskatchewan's share

of world markets.

This was followed by a meeting with industry representatives on August 30, when government concerns were discussed, and new proposals were presented. The government wanted to change the prorationing formula to provide more incentives for marketing, requested the submission of individual financial statements, and expressed a desire for more revenues. Industry wanted to keep the prorationing program in place until the end of the fertilizer season on June 30, 1974. Following discussions and further analysis, it was decided to leave the prorationing program unchanged, to increase the prorationing fee to $1.20 per ton on October 1, 1973, and to collect financial data from each company.

In the latter part of 1973 and early 1974, the first energy or oil price crisis developed, and absorbed a good deal of time and resources within the government, competing directly with potash for attention and priority. About this time, however, an economics professor at the University of Saskatchewan, A. Paus-Jenson, attracted attention with his commentary on potash affairs. Executive Council personnel held discussions with him, met jointly with him and the Department of Natural Resources, and he was subsequently engaged to conduct a further study of potash taxation and other related matters. His report proposed a new tax on potash reserves rather than on production. Such a tax would not be in contravention of the royalty rate guarantee given the potash companies earlier, by the Liberal government. This report set the stage for a key component of the 1974 policy announcement.

The 1974 Potash Policy

Late 1973 and early 1974 produced a number of developments: potash markets and prices improved dramatically; the proposal for a tax on potash reserves was studied intensively and found acceptable with one modification; further studies were conducted on the future outlook for the potash industry, the role of potash in the Saskatchewan economy and the feasibility and advisability of greater government involvement in the industry; the court action concerning the prorationing regulations continued; and potash companies refused to submit individual financial statements. In addition, the federal government reversed its earlier stance of non-involvement in resource affairs and took an increasingly proactive and aggressive position with respect to both resource management and revenue. This development came to a head in the federal budget on May 6, 1974, when provincial royalties were made non-deductible from taxable income for federal tax purposes. The budget was defeated and an election was called, but this was not the end of the matter.

A Cabinet shuffle in Saskatchewan also brought a change in the Mineral Resources portfolio. The new Minister, Elwood Cowley, was more aggressive and bold in contrast to the cautious stance of the previous Minister.

On April 29, 1974, the government outlined its proposed new policy to the potash industry. The main features of the policy were: public participation in production; public participation in marketing (royalties in kind in the short term); changes to the prorationing formula (upper limit to the guarantee); dropping pricing provisions in the prorationing program; and increased returns to the public treasury through the new Potash Reserve Tax. Companies were again requested to submit individual financial statements. The response of potash producers was quite predictable. They rejected both the Reserve Tax and the proposal for public participation. A series of meetings was held with the industry but no agreement was reached.

On October 23, the government announced its new potash policy. Its principal features included the following. First, introduction of the Potash Reserve Tax. The overall level of tax was reduced 29% from the original proposal, so it would yield approximately $45 million dollars compared to $63 million in the original proposal. Second, industry expansion was encouraged as a result of world market conditions. Incentives were built into the Reserve Tax structure, and the government indicated its willingness and interest in participating in expansion programs. New mines were to be developed with the government, either as a major shareholder or as the full owner. Third, all restrictions on production under the prorationing program were lifted and mines were to be licensed at full capacity. Fourth, the price feature of the prorationing program

was removed.

The significant feature of this policy was that the government was more cautious about public ownership of the industry than *New Deal for People* suggested. Instead, it gave priority to taxation as the principal means for ensuring the public interest. Public ownership of mines was likewise approached with considerable caution. The studies had concluded that there were significant problems in getting involved in ownership and, that if public objectives could be met through taxation and other measures, it would be a preferable choice.

Throughout this period, both Mineral Resources and Executive Council staff worked intensively on potash development. Generally speaking, Mineral Resources staff were more cautious and reluctant to undertake new initiatives while, Executive Council staff pressed for more aggressive positions. Needless to say, this resulted in tensions and disagreements. At the political level, the government seemed willing to let officials go through this exercise, and then deal with the matter, although, on occasion, impatience was expressed about why more study was always required. *More study required* was, of course, another way of saying that agreement had not been reached.

At this stage, the federal government came back on the scene. The federal Liberal government was re-elected on July 8, 1974, after its defeat in the May budget. On November 18th, a new federal budget confirmed the policy of not allowing royalties and other provincial taxes to be deducted from taxable income. Before the year end, the Saskatchewan government announced that all royalties paid to the province would be deductible from taxable income in calculating the province's share of corporate income tax.

This tax action played a major role in exacerbating the potash situation. The companies were caught in the federal-provincial fight. It is difficult to say whether the absence of this factor would have made a major difference in the conflict between the provincial government and the industry. It did play a significant role in the situation for a period of time, however. Eventually the federal government modified its position. In the meantime, the contradiction existed where a mining company producing potash from two adjoining pieces of mineral property, one owned by the CPR and the other by the province, could deduct royalties paid to the CPR from taxable income, but could not deduct royalties paid to the province.

Ongoing liaison was maintained with the federal government on a number of resource issues, but it did not appear to materially alter federal actions. The situation became even worse when the federal government took the unusual step of joining the potash company trying to have the prorationing regulations declared *ultra vires* as a co-plaintiff and not just as an intervener. This was directly contrary to the commitment made by the federal government to Saskatchewan in 1969 that it would not try to overthrow the plan.

The potash industry late in the year made announcements about cut-backs in expansion programs totalling $200 million. These deferments were suspect since most had never been announced.

Nineteen seventy-four ended with considerable tension between the industry and the government. Both the province and the industry were further frustrated by the actions of the federal government. The tax position of the federal government made it extremely difficult if not impossible for the province and the industry to negotiate a settlement. In addition, the industry did not seem to understand how to deal with a government that was not willing to buckle under to them as so many had done in the past.

As the confrontation between the government and the potash industry grew during the summer of 1975, and as the government moved towards the position of taking strong action, a special Cabinet committee on potash began to take shape. At first, this was an informal group of key ministers in the picture. When it was decided to pursue the nationalization option seriously, a formal committee was established which met regularly until the new policy was in place. Elwood Cowley, then Finance Minister and formerly Mineral Resources Minister, was chairman. Other members included current Mineral Resources Minister Ed Whelan as well as Roy Romanow and Jack Messer. Premier Blakeney played an active role on the committee during key discussions.

Potash Corporation of Saskatchewan - First Version

Early in 1975, the Potash Corporation of Saskatchewan was established by Order-in-Council under the authority of *The Crown Corporations Act*. It was to serve as the instrument for that portion of the government's new policy concerning ownership and as a potential vehicle for managing receipt of potash in kind.

The Chairman of the Board was a long-time civil servant, David Dombowsky, who had served in a number of senior government positions, and more recently headed the Saskatchewan Economic Development Corporation. He was regarded as an excellent negotiator, and had a good track record in the public service. Other members of the Board were all senior civil servants, including the two top officials in the Department of Finance, (Garry Beatty, Roy Lloyd) the Chief Executive Officer of Government Finance Office (Donald Ching) and myself.

The new corporation recruited three senior officers with executive experience in the potash industry, and a small office was established. Existing mines were canvassed to determine interest in joint ventures. When negative responses were received from all concerned, PCS began to explore other options.

Mining rights were obtained to property in eastern Saskatchewan near Bredenbury. This property had already been identified as the most likely site for the next mine. Feasibility studies were undertaken using a well known engineering firm with much experience in potash mining. New state of the art techniques were adopted, and a first class mine was ready for development. Planning for the mine had reached a critical point in August, 1975, when decisions would have to be made. At that time, however, other events intervened which changed the course of affairs.

The 1975 Impasse

In February, 1975, potash producers presented a brief opposing the Potash Reserve Tax and made an alternate proposal suggesting a scheme whereby all levels of government would take no more than 50% of pretax profits. This was followed by a meeting with the Premier. Discussion centred around the question of a fair rate of return to the industry, but there was disagreement about the numbers. Agreement was reached to set up a joint government-industry committee to overcome the numbers problem as a first step in resolving the situation. The industry also pointed out that the non-deductibility of provincial taxes from federal income tax produced a negative result for them when they raised prices. The government agreed to make temporary adjustments to resolve that problem.

On May 2, the joint industry-government committee met for the first time. Government representatives were officials from interested agencies. Significant progress was made on both long-term and short-term problems. Both sides agreed to meet again as soon as the industry prepared some proposals. The industry was to prepare written proposals on certain issues, and government members would respond to the submission. In the middle of June, when nothing further was heard, a government member of the committee contacted an industry member to determine when the industry would be ready to meet again. He was told that the industry side was not prepared to meet. Shortly after, on June 20, the potash producers launched a court action against the Reserve Tax, and refused to pay the quarterly instalments then due. The action required a complicated statement of claim on complex legal matters that obviously took considerable time to prepare.

In the meantime, the Potash Reserve Tax regulations were amended in order to offset the adverse effects of new federal tax laws previously noted. Then, on June 23, another federal budget allowed partial deductibility of provincial royalties of up to 25% of production income after operating expenses and capital cost allowances. Letters to the industry from the Minister of Mineral Resources in August demanding payment of outstanding sums produced no response.

In September, potash producers applied to the courts to have the taxes paid under a court order rather than under the legislation involved. In that way, the companies suggested they would be sure to get their money back, if the tax was declared unconstitutional. The courts turned down the application. Later, most of the producers launched another court action to have the prorationing fee declared unconstitutional.

During the summer, an interdepartmental committee of officials reviewed the situation, and made a number of recommendations to the government on actions that might help to resolve the impasse. These activities were cast in the framework of making the existing policy work. There was a growing realization that something major would have to be done, but such decisions could only be made at the political level.

The situation facing the government in the summer and fall of 1975 can be summed up in this way: the companies wouldn't pay their taxes; they wouldn't submit financial statements so a more precise analysis could be made of impact on individual producers; they stopped submitting standard information on production and other matters; they refused to expand in the face of growing world markets; they were asking the courts to strike down the prorationing regulations they had previously supported; and they launched court action against every single tax measure introduced by the government. A back, down by the government would reduce its revenue position to the 2 1/2% royalty on gross value.

Time for Decisions and The Bunker Room

Over the summer of 1975, it became clear that the 1974 policy was not working, and that something would have to be done. The government was insistent on securing greater returns from potash, but was prepared to negotiate changes on the basis of hard information. The potash companies became quite intransigent by not paying taxes, by withholding all information, by challenging all government actions in the courts and, finally, by not even being prepared to meet.

Thinking within the government was that a settlement would eventually be reached with the industry, and that the government through PCS would develop a new mine at Bredenbury, thus ensuring Saskatchewan's share of market growth. As the summer progressed, however, it became clear that the only thing the potash companies would now accept was a complete withdrawal by the government of all actions taken since 1971.

At that point, the government began to consider seriously the option of acquiring a position in the industry through more aggressive means. Without ruling out other choices open to the government, necessary preparatory work began this option. Work on the new Bredenbury mine was suspended. A task force was assembled consisting of the members of the PCS Board, two of the executive staff of PCS (the third one withdrew), the potash expert in Mineral Resources, legal and clerical assistance, and special assistance by the Deputy Attorney General. Working arrangements were established whereby the Chairman of the Board acted as the CEO, and each person was assigned an area such as finances, valuation of assets, legislation, international implications, marketing, corporate planning, public relations, operations, etc.

One other question remained. Where would they work? Utmost secrecy was essential. A plan was devised to deal with the matter. Room 43 was the entrance to a suite of offices in the basement of the Legislative Building. It was right across the hall from the office of the key Minister to whom the task force reported. The suite happened to be empty at the time, but there were plans to locate an agency there. The problem was - how to tell the Department of Public Works that the offices were needed for something else without arousing suspicions about what was going on.

A cover story was developed whereby Public Works was told that the province anticipated the federal government was going to introduce wage and, price controls and the province wanted to be ready for it. (A story that turned out to be true!) Elaborate security measures were taken. Each task force member was given a key to Legislative Building doors so they wouldn't have to sign in after hours. Each one maintained their own office elsewhere; they didn't eat together in the cafeteria; they weren't seen together outside the office; and curtains were drawn when evening meetings were held. Room 43 became The Bunker Room.

The task force reported to a committee of ministers, and often the Premier was involved in meetings. The deadline was to have the option ready before the session of the Legislature opened on November 12th. The staff worked long hours, held many meetings with the *ad hoc* Cabinet Committee on Potash, and undertook travel as necessary for further investigations. The job was done and Cabinet had the fully fleshed out option for purchase and/or nationalization

before them as one of the choices they could make.

In spite of all this work, however, the government did not take a final decision on what to do until just before the session started. Having made that decision, there was no turning back.

The November 1975 Potash Policy

The new potash policy was announced in the Speech from the Throne opening the first session of the Saskatchewan Legislature after the 1975 election. The government announced that as a result of the impasse with the potash industry, legislation would be introduced to enable the government to nationalize part or all of the potash industry.

This announcement sent shock waves throughout the potash industry, through Saskatchewan as a whole and made national news. Following the announcement, the Premier held meetings with various interest groups to explain the government's actions. Care was also taken to liaise with the federal government. This included a call from the Premier to the Prime Minister.

Two pieces of legislation were introduced. One was the *Potash Development Act*, and the other was to incorporate the Potash Corporation of Saskatchewan under a special *Act* rather than through the authority of the *Crown Corporations Act*. Widespread compliments were received on the care with which the legislation was developed and the manner in which it took account of international ramifications. The legislation, however, had a rough ride in the Legislature. The opposition parties mounted a sustained filibuster against the bills and they were not approved until near the end of January, 1976.

The government indicated that it was not its intention to acquire all of the potash industry. The obvious questions then were How much? and What is meant by the term *part*? The standard response became *anything up to 50%*. The government also announced that it intended to try to acquire potash assets through negotiation, and that the legislation would only be used as a last resort. In the end, The *Potash Development Act* was never used, and all assets were acquired though negotiation. During the time that the bills were being debated in the Legislature, both Ministers and staff devoted a good deal of time to preparations for the start of the new Potash Corporation of Saskatchewan.

The New PCS

Following passage of the legislation, the new Board of Directors was appointed. A Cabinet Minister was appointed Chairman, and one other Minister was included on the Board. Some of the previous members were reappointed, additional people from government service were added, and a well known financial analyst from Ottawa was named. Later, a prominent businessman from each of Regina and Saskatoon, together with a well known Saskatchewan Wheat Pool delegate, were added to the Board.

The previous Chairman of the Board was appointed President, and several members of the task force were appointed to management positions. Recruiting commenced for other key personnel, with particular attention to skills required for the negotiation of acquisitions. Another area of concern was personnel for marketing. The new corporation got a break when it was able to recruit a competent person who had been with the first mine purchased by PCS. Head office would be in Saskatoon, near several existing potash mines.

The Potash Secretariat

The mandate of the Potash Corporation of Saskatchewan was to acquire potash assets, mine potash and sell it within the framework of government policies for potash. The Department of Mineral Resources also had a mandate as the manager of the resource. However, there was a host of other matters requiring attention and careful management as a result of the government's policy initiatives. Thus, it was decided to set up a Potash Secretariat with a small group of people with particular skills, knowledge and experience of value in managing potash affairs.

Preparation of speeches on potash, news releases, statements, a booklet on potash and other related activities were one focus of this agency. This was considered of some importance,

because it was clear that the government had not won the battle of public opinion when the legislation was in debated in the Legislature.

Another area of focus was external relations. Close liaison was maintained with the federal government and, especially, the Department of External Affairs. This was of particular importance when the United States government sent an Aide Memoire to the Government of Canada on Saskatchewan potash affairs. This move by the USA was designed to protect US interests in the matter including corporate investment, and was also a response to pressures undoubtedly being placed on the US government. Canadian External Affairs was very supportive of Saskatchewan interests, and responded in a way that was fully satisfactory to Saskatchewan.

Numerous trips were made to the United States by the Director of External Relations in the Potash Secretariat. Discussions were held with various United States government agencies in Washington. In addition, contacts were made with fertilizer interest groups and presentations were made to the US National Farmers Union and mining organizations.

The Secretariat also monitored closely a US Anti-Trust action in which a number of Canadians, including the now deceased former Premier Thatcher, were identified as unindicted co-conspirators. Careful management of this issue was necessary to avoid export problems for PCS in the future.

The Potash Secretariat existed for only a year. In early 1977, it was disbanded because there was no longer a need for a special agency to deal with outstanding matters.

PCS - Growth and Development

It took some time before PCS actually went into production. As a result of early enquiries, Duval Corporation (Pennzoil), with a mine west of Saskatoon, indicated an interest in selling. Negotiations were undertaken along with other related activities and, on October 29, 1976, Duval sold its mine to PCS.

Further contacts and evaluations were undertaken, and by the early 1980s, PCS had acquired mines at Rocanville, Lanigan, a partial interest in the Allan mine and potash property near Esterhazy with a mining arrangement with the owner of a mine there. PCS then owned more than 40 per cent of the productive capacity in Saskatchewan.

The head office was located in Saskatchewan, sales headquarters was in the province, research and development programs were undertaken, emphasis was placed on procurement in Saskatchewan, and expansion programs were undertaken.

A strong and dedicated management team was built up, together with a strong corps of technical personnel. The esprit de corps within the corporation was excellent.

The Board of Directors took strong positions on matters of corporate interest. It maintained a clear understanding that there was also a larger *shareholder interest*, however, represented by the government on behalf of the people of the province, which at times might override strictly corporate interests. For example, it might be determined that capital expenditures could not be as large as the corporation might desire. Communication channels were through the Crown Investments Corporation (the holding company that oversees all commercial Crown Corporations). This never caused a problem prior to 1982; the relationship was recognized.

Taxation

After a time, the private potash companies recognized that they would have to come to an accommodation with the government and discussions commenced. The government assigned personnel in central agencies with technical skills, who could work with Mineral Resources in negotiations with the companies.

Once PCS was in operation, information was available to demonstrate that potash mines were generally quite profitable. After extensive discussions, a series of Potash Resource Payment Agreements were signed with each company which remained unamended until 1989.

The Innovation Process

The innovation process in a central secretariat of Executive Council, dealing with a major government initiative was both more political and yet in some ways very cautious. Despite the platform's position to nationalize potash, the initial and consistent intent of the government was not radical. Rather, the inability to come to any kind of resolution with the industry led to a more transformational solution than would otherwise have been employed. In the end, the legislation that permitted nationalization was not used: forty percent of the industry was not ultimately nationalized, but purchased. The complex attempts to resolve the issue created a 72-step process! This process was characterized by cautious, incremental steps and clear, consistent and honest communication and negotiation with the industry. It also encompassed strategies to overcome departmental weaknesses, anticipatory planning and swift action when ready. The skills utilized were technical, negotiating, planning, legal, communication and implementation skills.

Conclusion

A number of conclusions can be drawn from this experience. First, the government started out with a general policy objective and certain ideas on how to achieve the objective, but ended up on a course of action different from that earlier contemplated.

Second, the potash mining companies used very poor judgment in responding to pressures for change, and had little understanding of their status in relation to the role of government. Their conduct was in sharp contrast to oil and uranium companies, which generally co-operated with government in managing affairs.

Third, the Saskatchewan government had to demonstrate considerable ingenuity and adaptability in dealing with affairs. Adequate management at certain junctures was crucial to a successful outcome; poor management might have been disastrous. Political leadership on major issues, together with competent and dedicated management, were both essential components for the successful achievement of public policy goals and objectives.

Fourth, the intrusion of the federal government into the situation complicated matters greatly. This resulted in federal-provincial conflict, and to some extent the mining companies were caught in the middle.

Fifth, at the conclusion of the exercise, Saskatchewan's potash resource was serving the province's interests better than at the outset.

Sixth, the Potash Corporation of Saskatchewan demonstrated that public enterprise could function efficiently and effectively contrary to the assertions of detractors. It has also demonstrated a full ability to function in world markets.

Seventh, major change such as occurred with potash is often difficult to achieve, but can be accomplished with sound policies and good management.

Epilogue

Since 1982, the state of affairs has changed dramatically. Potash Corporation of Saskatchewan (PCS) is no longer a crown corporation, a victim of the Conservative government's privatization program. It is now Potash Corporation of Saskatchewan Inc. with the majority of shares owned in the United States of America.

The sequence of events is complex. From 1976 until 1981, PCS earned a healthy surplus annually. From 1982 on, it operated with large losses. There is no doubt that even with the best of management, earnings would not have been as high from 1982 on. (Some management changes were made shortly after the change of government.) A major reason for the losses involved costly expansion programs that were continued in the face of severely deteriorating market conditions. Another reason was the Conservative government's insistence on a dividend to the provincial treasury when PCS was operating at a loss.

Early in 1982, while the NDP was still in power, PCS decided that it needed to achieve deeper market penetration in the prime market area, the USA, which consumes over two thirds of Saskatchewan potash. PCS was not getting an adequate share of the market. In addition, an industry marketing organization, Canpotex, that was originally supported by the government, and

that handled all offshore marketing was, in the view of PCS, not developing offshore markets aggressively enough.

The strategy adopted by PCS was twofold. First, it adopted a very aggressive marketing position by deciding that it would withdraw from Canpotex and establish its own offshore marketing organization and, further, that it was prepared to compete by dropping prices as much as necessary to gain more market share. The second component of its strategy was to embark on a major expansion program at one of its mines, so that it could overhang the market as necessary with additional supply.

One of the first *Act*s of the new Conservative government in May, 1982, was to cancel the withdrawal from Canpotex. This then made the expansion program redundant. At the same time, market conditions for potash in general began to deteriorate: market forecasts which had previously been very buoyant suddenly became very gloomy.

Although the expansion program had already begun, management recommended that it be mothballed. Instead, the new government decided to continue the program because it was the only major development program then underway in Saskatchewan. PCS became saddled with a huge debt that eventually required a provincial rescue.

By 1988, PCS became a candidate for the government's privatization program. The necessary legislation was approved in 1989, and the government, together with PCS and Crown Investments Corporation, proceeded to develop an elaborate privatization plan. The final stages of the privatization plan were rushed into place just as the change of government was going to take place, which brought the NDP back to power following the 1991 election. It is estimated that $441 million was lost to the government and its agencies as a result of the privatization plan that was implemented. Events had proceeded too far for the new government to halt the process when it assumed office, so it went ahead.

The privately owned operation is now functioning quite profitably thanks to the efforts of those who created the crown corporation, and ensured that it started the process of rationalization of Saskatchewan's potash industry as well as guaranteeing that benefits to the province were maximized. The latter benefit can no longer be assured.

Since 1991, provincial finances have been such that they precluded any thought of initiatives in potash.

Appendix I: Potash–The Resource

While potash was first found in Saskatchewan in 1942, it took some years to determine the extent and nature of the reserves. Much of the basic geological work defining the resource was done by the Government of Saskatchewan, which determined that Saskatchewan had the largest naturally occurring potash deposits in the world, possibly as high as 40 per cent of total world reserves. Only the former Soviet Union has anything near the same amount.

Potash occurs in layers in underground salt beds covering much of the southern third of the province. The more northerly portions of the deposits occur at levels that can be mined by conventional mine shafts. Further south, potash occurs at deeper levels, making solution mining the only economically feasible way to recover the mineral. Most potash rights are owned by the province, but some are privately held.

Over 95% of potash is consumed in agriculture as fertilizer. Potassium from potash, together with nitrogen and phosphorus, are the three most important nutrients essential for plant growth. The remaining 5% is used in the chemical industry for industrial purposes.

The Development of Saskatchewan's Potash Industry

During the late 1940s and the 1950s, the Government of Saskatchewan gave considerable attention to the question of potash development. In 1947-48, a proposal was made to the federal government for joint exploration and development, which was turned down. The province did not pursue the idea of crown development any further because of lack of finances, problems with some earlier crown ventures, and lack of expertise in the industry.

A decision was made to rely on private sector development. One mine was started in the Unity area in the early 1950s, but had to be abandoned because of water problems encountered in shaft sinking. Two other mines were then started: Potash Company of America (PCA) opened its mine east of Saskatoon in 1958, but it had to close shortly after because of flooding, and International Minerals Corporation (IMC) proceeded with its development near Esterhazy. It also encountered water problems in an underground formation with high water pressure. For some time, it was feared that both operations would have to be abandoned. Finally IMC brought in German technology to cope with the problem, and it succeeded in overcoming difficulties. By 1962, it was ready to go into production and, shortly after, PCA at Saskatoon was also ready to resume production.

The Saskatchewan government introduced a system of potash royalties that were about 2 ½ % of the gross value of potash. This level was similar to royalties in New Mexico, the other major potash producing area in North America. Royalty levels were guaranteed until 1981 for the two companies that overcame the water problem, and for all other future operations until 1974.

Other companies were interested in development and held mineral leases, but most activity was suspended until the water problem was overcome. The one exception was the Kalium (PPG) mine between Regina and Moose Jaw, which opened using the solution mining method. By 1964, another company announced plans for development at Lanigan, and a group of companies was readying plans for a mine at Allan.

At this time, the government changed. The CCF (now NDP) which had held power for 20 years in Saskatchewan was defeated by the Liberal party in an election April 22, 1964. The Liberals, led by Ross Thatcher, won the election in part because of criticism about lack of economic development. This was therefore a priority for the new government.

Potash was an obvious area for urgent attention in pursuing this goal. The government encouraged and pressed all interested companies to develop mines. In the process of doing this, it extended the guaranteed low royalty rates to all potash producers from 1974 to 1981. In addition, at one point, the Premier indicated that companies not announcing plans by a certain date would not have the benefit of the extended period of low royalties.

Thus by late 1967, a total of 10 mines were either in production or under development. Each operation was primarily concerned with its own corporate interests. By the late 1960s, all

10 mines were either in or near production. The result was predictable: the growth in productive capacity outstripped the growth in market demand.

Section II: Line Department Processes

Most of the policy and program innovations of the Blakeney government eventually, if not initially, became the responsibility of a line department. Many other functions also rested with line departments. Section II describes the innovative approach to management and transportation created in Saskatchewan Transportation and Highways. It also explores horizontal issues: how the government dealt with the North, communication and coordination in its many facets.

Chapter 5: Incremental Policy Development and Processes:
Creation of the Department of Northern Saskatchewan
Jerry Hammersmith and Bob Hauck

Introduction

The Department of Northern Saskatchewan (DNS) story illustrates a vision initially expressed, but later abandoned, choices not taken and an opportunity missed by the Blakeney government. Northerners, the New Democratic Party, the Premier, the first Minister of Northern Saskatchewan and the cabinet initially directed the development of a northern Single Agency characterized by innovation. Not only were the results of northern policy to be innovative: the processes of constructing policy were to be innovative in nature as well (Hauck, 1981, pp. 21-46).

DNS became characterized by incremental change rather than by transformational change. The major focus came to be making modifications to existing programs, management and administrative processes, rather than creating new programs reflecting unique northern needs. This is not to discount or minimize the achievements of the government during this time. Clearly very significant and new resources were devoted to a northern situation on which previous administrations had spent very little energy or resources.

This chapter provides a look at this unique opportunity to initiate innovative policy making, program design, and service delivery to a niche clientele. It analyses the Department against the policy process objectives initially stated for it. DNS clearly was originally intended to develop innovative policy in an innovative, participatory and coordinated manner.

To construct innovative policy, innovative policy development must be done. A clear distinction must be drawn between innovative policy development and incremental policy development which may result in new policy or program thrusts. The definition of innovation outlined in the Introduction to this book suggests the same distinction when referring to new ways of doing things. The odds for policy innovation occurring rise significantly when the process of making policy is innovative.

To further classify and distinguish between these models, it is useful to describe the processes a bit further. An incremental change model develops policy, starting from a well-established benchmark, making modifications to suit an environment which is perceived to be changing only slightly. In an innovative change model, re-examining, redefining, and perhaps even re-envisioning the problems which are the subject of government policy is fundamental. Innovation clearly implies that at some point, the agents of innovation have examined a policy problem with different assumptions, beliefs or values in place than had existed previously.[43]

An analogous comparison might be between a budgeting process which modified a previous year's figures by a relatively constant per cent and a zero-based process where each budget component was rethought and justified each year. The first process is clearly incremental; the second process is either innovative or far more likely to lead to innovative results. There is a far higher probability in a zero-based budgeting process or in innovative policy development that the underlying assumptions and values will be challenged or changed and new solutions to old problems found. In very many ways, this argument and the distinction being made is simply the same as the argument made by Thomas Kuhn in his seminal work, *The Structure of Scientific*

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[43]Hauck, *op.cit.* pp.21-22, identifies a values clarification process as a central starting point for innovative policy development. Once values have been clarified and ranked in importance, then alternative policy choices can be generated, ranked and selected on the basis of their connection to the fundamental values preferred by policy makers. This policy-making model is often described as a rational-comprehensive model.

Revolutions (1970).[44] Often we have the best chance to solve old, or seemingly intractable problems by changing our paradigm with respect to how we have been attempting to solve the problem, ie. changing the way we look at the problem in a fundamental way. This must occur in innovative policy making processes. In northern Saskatchewan, the problems were both old and seemingly intractable.

The Single Agency Concept
        In the late 1950s, provincial officials began discussing development of a single agency as a vehicle to help alleviate the widening disparities between the southern and northern halves of the province. Again and again between 1959 and 1971, under both CCF and Liberal administrations, the single agency concept was recommended to government by its central agencies (Hauck,1981, pp.15-20).
        The basis for making this recommendation was a shared recognition of the administrative difficulties which plagued government in its attempt to serve northern residents. During the 1940s, 1950s and 1960s, government policy was administered primarily through the Northern Administration Branch of the Department of Natural Resources (DNR) by conservation officers stationed throughout the North. Although their training was in resource management, they became virtually the total presence of government. British Columbia had an equivalent–its provincial agents. In Saskatchewan, they distributed social assistance, assisted local governments, provided for various municipal facilities, organized local cooperatives, and took responsibility for some community development work. Meanwhile, the line departments which formally were responsible for these activities perceived no need to modify their programs to suit the unique needs and circumstances of northern residents.[45]
        It is difficult to appreciate fully how different the situation of northerners was. In 1971, the Saskatchewan north, defined legally and geographically as the Northern Administration District (the NAD), was populated by fewer than 30,000 persons. Approximately two-thirds of those persons were of either Cree or Chipewyan ancestry. They lived in fewer than 35 communities scattered over a land area of over 150,000 square kilometres. Roughly one-third of the population was Treaty Indian, historically the responsibility of the federal government. Another third was white, clustered mainly in the more developed communities of La Ronge, Creighton and Uranium City. The other third was Metis, a new nation created in Western Canada by the influx of whites. Being neither white nor Treaty Indian, the Metis stood apart and often expressed feelings of bitterness, frustration and neglect at their lack of land and recognition as a people or nation.
        Unlike southern residents, northerners suffered under circumstances more akin to those of people in the Third World. In 1971, major diseases such as tuberculosis and typhoid plagued northern residents at rates from two to thirty five times provincial norms. More than sixty% of northern children dropped out of school before grade five. Of eleven thousand persons of labour force age in the north, fewer than half were employed and less than one-quarter of those employed earned over two thousand dollars annually.[46] These wage figures underline the

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        [44] Kuhn argued that our theories, like our values and assumptions, while they help us to understand our world, can also prevent us from seeing data which would tend to make us rethink our theories. Kuhn pointed out there can be overwhelming data that a particular theory is no longer correct, yet many scientists will actually discount or disregard the data. The Copernican\Galilean revolutionary view of the relationship between sun and earth is, of course, the primary example of such a scientific revolution.
        [45] Budget Bureau, "Report on the Organization for the Provision of Government Services for Northern Saskatchewan", Appendix A, March, 1961.
        [46]G. R. Bowerman, Memo to Cabinet, September 30, 1971, pp. 1-2.

region's continuing dependence upon subsistence activities such as hunting, trapping and commercial fishing. Forestry and fire-fighting also provided some northern residents with seasonal employment. Full-time wage employment was concentrated in the three centres of La Ronge, Creighton and Uranium City, where mining activities provided a focal point for service development. Most of these employment opportunities went to whites, who often tended not to make the north their permanent home.

These statistics give further credence to the assessment that the history of northern Saskatchewan before 1972 represented a classic case of internal colonialism and underdevelopment. Virtually all organized elements of society–government, education, commerce, communications and the church– were controlled and dominated by agencies, organizations, companies and people from outside the north. Local representatives of these outside agencies constituted the local management and service delivery core of most communities and were accountable to outside headquarters, rather than to the community, and its residents.

In most communities, social and economic conditions were severely depressed. The future appeared bleak and apathy was widespread. The most important reason for establishing a single agency, therefore, was to reverse the previous processes of underdevelopment through innovative approaches to both policy development on the one hand, and program management and service delivery on the other. New approaches, involving northerners in co-management, were thought necessary for northerners to benefit from development.

Searching for A Vision, A Mission and A Strategy

In its 1971 election platform, the *New Deal For People*, the NDP promised to "develop a comprehensive northern development program with emphasis on the needs of our native people" . . . and to also "ensure that Indian and Metis organizations are effectively involved in planning and implementing programs which affect Indian and Metis people".[47] *The New Deal for People* provisions were supplemented prior to the June 1971 election with an NDP-approved document calling for creation of a northern single agency. The document, initially inspired by northern Athabasca Constituency New Democrats Allan Quandt, Bob Dalby, Glen Lindgren and others of La Ronge, called for a Northern Commissioner or Commission.

Three months after the 1971 election, Indian and Metis Affairs Minister, G. R. (Ted) Bowerman in a cabinet document described a range of possible initiatives, and recommended the establishment of a Northern Research and Development Authority with representation from northern areas.[48] The 1971 Convention of the NDP had provided even more specific guidance. Resolutions called for: a Northern Commissioner or Commissioners; a Northern Development Authority, responsible to the Commissioner(s); a Northern Council consisting of residents of the north; and the establishment of Regional Councils made up of representatives of local governments, with representatives from Regional Councils to form a larger Northern Territorial Council. Party policy became government policy by a cabinet minute of October 12, 1971, establishing a Special Cabinet Committee to oversee the development of the single agency and the implementation of the Bowerman Principles for Northern Development.[49] The Committee, chaired by Blakeney, was made up of Gordon MacMurchy, Minister of Education, Ted Bowerman, Minister of Indian & Metis Affairs and Eiling Kramer, Minister of Natural Resources.

Ted Bowerman's cabinet document asked the political leadership in the province to recognize that:

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[47]*New Deal for People*, "NDP Northern Development Program", 1971.

[48]G. R. Bowerman, op.cit., p. 7.

[49]Cabinet Minute No. 1310, October 12, 1971, p. 1.

there is little realization and less appreciation of the fact that problems of the north are different from those of the southerly, developed sectors of the Province. To try to administer them in the same way is an impunity on our ability to cope outside the established and traditional structures.[50]

The province's political leadership was clearly advocating an innovative, rational-comprehensive approach to policy-making leading to new policies and programs.

Premier Blakeney also made clear government's vision of an innovative approach to making and implementing northern policy:

We look to the new Department to provide a new focus for building government services in the north, with the involvement of the people living in the northern communities. This means involvement, not only in an advisory capacity, but also in a developing capacity of self-government and local decision making. . . it will require readiness. . . to abandon the safe, standardized approaches to the delivery of government services.[51]

Choosing Incrementalism Over Innovation in Policy Making

The Northern Research and Development Authority called for in the Bowerman cabinet paper was to develop with northern people a strategic plan for an innovative northern single agency. Such a prototypical agency could have introduced a truly innovative approach to development. Cabinet made a decision, however, to create quickly a full-fledged department which would simultaneously plan and implement programs. This decision, made on the advice of the Special Cabinet Committee and supported by central agencies, resulted in dropping the earlier recommendation to establish a Development Authority. This decision implied that the new, single agency would focus on implementing existing programs and management processes rather than on new processes, policies and programs such as those initially called for by northerners, the NDP, the Premier and the Minister of Indian and Metis Affairs.[52]

It appears that the implications of this decision were not fully thought through. In the haste of a new government to do something or at least appear to be doing something concrete and specific, a decision with major consequences was made on the basis of almost no visionary or strategic thinking. Former Cabinet Secretary, Keith Saddlemeyer said,

As I recall it, the Special Committee, in thinking through the options and deciding what to do, may have decided that 'since we want to end up with a single agency anyway, let's start with that and let the single agency evolve the northern vision, mission, strategy, action plan and budget.'[53]

Allan Blakeney said of the Saddlemeyer statement, "I suspect that may very well be true."[54] Government was hoping that both innovative policy and program development, and immediate program implementation could occur simultaneously, without thinking through the possible conflicts in direction, roles and responsibilities which would likely result from these dual approaches.

Eiling Kramer, the Minister then responsible for Natural Resources was concerned that any new agency would encroach on the roles and responsibilities of officials in his Department.

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[50]G. R. Bowerman, op. cit., p. 4.

[51]Statement by A. E. Blakeney to Department of Northern Saskatchewan Staff Conference, Prince Albert, December 12, 1972.

[52]Interviews with Jerry Hammersmith and with A. C. Towill, 1977.

[53]Interview with Keith Saddlemeyer, 1993.

[54]Interview with Allan Blakeney, 1993.

Reportedly, Kramer was not opposed to the single agency, as long as the single agency was DNR When it became apparent that momentum was gathering rapidly in favour of transferring all northern responsibilities to the new agency, according to Bowerman, Kramer began avoiding Special Cabinet Committee meetings and was generally uncooperative in Committee attempts to move the single agency forward. This position was said to be consistent with the position taken by officials in DNR[55]

Other departments, including Education, Social Services and Health were reportedly either actively resistant to, or at least reluctant to cooperate with, any actions which would have the effect of transferring mandate, responsibility, positions, personnel and finances to a new department. Bureaucratic and political resistance to establishing the new agency was partly resolved by Premier Blakeney in a cabinet shuffle. Eiling Kramer was transferred to the Highways portfolio, while responsibility for both the Departments of Natural Resources and the proposed new northern single agency was given to Ted Bowerman.[56] The Special Cabinet Committee on the northern single agency then became a three minister committee made up of Blakeney, MacMurchy and Bowerman.

Cabinet's decision to establish the new Department of Northern Saskatchewan in 1972 with full and immediate responsibility for planning and program delivery, reflected cabinet's concern that the substantial problems apparent in northern Saskatchewan be addressed with something more concrete and immediate than a planning and development authority. The decision to establish a full-fledged department with immediate program delivery responsibilities created an immediate need to make decisions about the single agency's structure. It no longer was possible to think through various options about how northern development could proceed or to involve northerners in this strategic thinking/planning process. Instead, it became necessary to hire senior personnel with administrative backgrounds to supervise the transfer of programs from southern line departments to an Operations Branch of the new Department. Programs developed for southern Saskatchewan were implemented with limited modification to suit northern conditions. The Branch was staffed for the most part by career public servants concerned with establishing familiar management systems.

At the same time as the Operations Branch was established, a Policy and Planning Branch was created, and directed to devise both new and innovative programs, a mandate which inevitably placed the Branch in conflict with the Operations Branch. Policy and Planning personnel interpreted the NDP's and the Premier's publicly stated goals and commitment to northern development quite literally. Their approach to policy making represented a significant departure from previous government practice. Policy recommendations were clearly related to the government's publicly stated goals for public participation in policy development. A wide range of new, and significantly different, options were surveyed before settling on specific recommendations.

By late 1973, while the new Department was still becoming operational, the Policy and Planning and Operations Branches were working at cross-purposes. The on-going conflict climaxed in May 1974, when Policy and Planning Branch employees published a document strongly condemning government's northern activities: their resignations were quickly asked for and given. This marked the end of the Department's opportunity to establish innovative policy-making as its modus operandi (Hauck, 1981, pp. 25-28).

The dropping, in early 1972, of the Northern Research and Development Authority recommendation followed, in 1974, by the demise of the Policy and Planning Branch produced two results. The first result was a failure to identify a strategy based on the 1971 NDP election platform, the 1971 Bowerman cabinet document, the NDP 1971 convention resolutions and the

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[55]Interview with Bowerman, 1993.

[56]Interviews with Hammersmith and Towill, 1977 and with G. R. Bowerman, 1977 and "Three More Added to Saskatchewan Cabinet," *Regina Leader Post*, May 12,1971, p. 2.

1972 Blakeney speech to DNS staff. The second outcome was a failure to develop effective means for engaging northern and native people, jointly with the government, in identifying a northern vision[57] and a DNS mission.[58] Allan Blakeney said:

> I agree–we were not, at that time, skilled and experienced in methods of involving the public in designing policies that might affect them–except through regular structures such as the Rural and Urban Municipal Associations, School Trustees Associations, business, agricultural and labour organizations, native organizations, public institutions and the like. We used the prevailing methods of the early 1970s–and were innovative within those methods. We didn't anticipate the new demands, beginning in the 1970s and becoming even more prevalent in the 1980s and 1990s, for involvement in policy formulation by the stakeholders in the eventual outcomes of policy. We just weren't in the vanguard of developing public consultative mechanisms for participatory policy formulation–we weren't 20 years ahead in many of these kinds of areas. We were much more management and administrative innovators than policy formulation innovators.[59]

Blakeney went on to identify some of the government perceptions which shaped attitudes toward the native and aboriginal leadership in Saskatchewan:

> We may have lost this opportunity for innovation because we may have felt there were no obvious, existing regular structures in the north with the mandate or the capacity to articulate northern needs, from a general northern perspective. While The Federation of Saskatchewan Indians (FSI) spoke for all Treaty Indians, the Metis Society of Saskatchewan (MSS) claimed to speak for the Metis, but many northern Metis said MSS did not represent them, so there did not appear to be a united 'Northern' voice speaking for northerners generally.[60]

A call for such a northern voice came in an MSS presentation to cabinet in the summer of 1973. It sought a Northern Regional Councils and a Northern Territorial Council, and proposed that representatives to these Regional Councils be chosen by local community governments. Regional Councils would each select representatives for a Northern Territorial Council. The Territorial Council would have a crucial role in policy development and program planning for the northern single agency.

Either the Northern Territorial Council proposed by the Metis Society, the Northern Research and Development Authority proposed by Bowerman or a combination of the two, working with the FSI may well have constituted the lost opportunity and/or the northern voice Blakeney mentioned. It is likely that the opportunities for innovation were there, obvious to some, but ignored by others in the rush to appear to be doing something right away.

Broad, general northern problem areas had been identified. There was a widely-shared desire to do something about them. Vehicles were either present, or had been recommended, that were capable of converging northern and government efforts in first developing northern policy, and then planning and implementing northern programs. The decision that emerged from Special Cabinet Committee discussions, however, left joint northern/government identification of a

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[57] making clear the core values and goals which northerners hold for their own communities and for generations to come

[58] identifying the specific role of the department in assisting northerners to realize specific aspects of their vision

[59] Interview with Blakeney, 1993.

[60] Interview with Blakeney, 1993.

northern vision, a mission for the single agency, and detailed program planning in abeyance to immediately implement the single agency.

Without a vision, a mission statement or a strategic plan commonly understood and agreed upon by both government and northerners, it was inevitable that the single agency would later be held responsible for more than it could actually accomplish. It was destined to become an organization whose goals, strategy, role and limitations were not well understood by the government that created it, the civil servants who staffed it, the client group it intended to serve, or the general public that paid for it and in whose name it was created.

The Victory of Incrementalism

Evidence from four specific DNS program areas demonstrates the triumph of the incremental change paradigm over the innovation paradigm originally intended. Opportunities for northern involvement in policy development and programs were lost in the decision to stand by traditional and incremental resource-use management policies, failure to create an economic development strategy, the way northern community colleges were developed and administered, and the demise of the Training Opportunities Program (TOP). Incremental policy approaches were consistently adopted when innovative approaches could have been implemented.

Fisheries Resource Allocation

A first example of incrementalism gaining over innovation is in the area of fish management. The conflict within one branch over use of northern fish resources is arguably the best example of the difficulties encountered in attempting to implement an innovative policy approach. When the new Department of Northern Saskatchewan was created, approximately 80 people from the Department of Natural Resources became the first employees of the new Department, all of them located organizationally within the Resources Branch. Their duties continued much as they had previously.[61] More significantly, the resource-use paradigm of these Resources Branch employees did not shift.

During the nearly three decades of previous northern administration, a policy of multiple resource-use had developed. In relation to fisheries policy, this meant the development of a web of formal and informal policies designed to conserve the resource and minimize conflicts between commercial fishermen and those interested in sport fishing. The starting point for fisheries policy was that, if sport fishermen were making efficient use of the resource, then commercial fishing could be restricted. Often lakes were arbitrarily zoned by resource officers so that commercial and sport fishing users were kept apart from each other.[62] Much of the decision making was ad hoc within a well-established, extremely stable policy framework which was well-understood by those administering the policy.

To put this policy and the conflict which developed over policy into context, the role of commercial fishing in northern Saskatchewan must be understood. In 1971, the industry ranked as the largest employer of northern residents, with over 1,000 participants. Although yielding an average annual income of less than $1,500, this income represented 28% of the income earned outside the government sector.[63]

For the policy developers in the Policy and Planning Branch, an alternate approach to fisheries management appeared to present some real opportunities for northerners. Their philosophy was to manage the resource in a way which maximized the benefits to northern residents, while still conserving the resource. After investing significant dollars in investigating such an alternate approach, the Department in February, 1974, established a Fisheries

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[61]*Department of Northern Saskatchewan Annual Report, 1972-73,* pp. 8-9.

[62]Resources Branch statement, n.d. pp. 1-2; Couldwell Statement, *circa.* 1972; and DNS Policy Directive, May 1, 1974, p. 1.

[63]Koshinsky Paper, November 12, 1973.

Development Program under which a new fisheries management system was to be developed and implemented. The program objectives were to increase returns to people in the fishing industry, to create greater employment in the industry, and to provide better protection for the fishery resource.[64]

Implementation of the Fisheries Management System was placed within the jurisdiction of a Fisheries Development Unit, which was created within the Resources Branch. The existing, incremental fisheries management approach was not changed, because the new system was not developed to the point where it could take over from the existing system.[65]

A key tenet of the innovative policy approach was to structure northern participation into both developing policy and making local resource-use decisions. Fisheries Development Unit employees believed philosophically that given adequate information, northern residents, who had an active interest in local resources would, make decisions based on the best long-term interest of community members.[66] Employees from the Fisheries Management group were concerned that sport fishing interests would be discriminated against in any scheme which gave northern residents an unequivocal voice in resource use decisions. They also believed that the fish resource would be adversely affected. Fisheries Management employees perceived Fisheries Development employees were encouraging commercial fishermen to believe that they actually owned the resource. Any such belief was in direct conflict with the principle that the province owned and had the obligation to manage natural resources.[67]

In many ways, the conflict which developed between staff of the same branch of government was a classic conflict between service and control. Development Unit employees, unencumbered by the traditions of government administration in the north, travelled into northern communities to help northern residents employed in the commercial fishing industry. They attempted to improve the management capability of commercial fishermen, to assist them in reducing culling and improving quality, to facilitate development of a more sensitive quota system, and to help them apply for northern economic development loans.[68]

The paradigm of Fisheries Management employees was completely different. Their role was to control resource use through enforcement. They perceived the rapidly developing road access to the north as creating a climate where more conflict between resource users was likely, and they wanted to avoid conflict.[69] The conflict between these resource management paradigms was played out in the public arena. Each local conflict where Development and Management employees took or encouraged actions at cross-purposes to each other tended to reinforce the biases each group already had about the other group. Philosophical disagreements turned quickly into personal animosity. With no strategy for determining an overall approach for government policy in this area, conflict was inevitable.

This situation remained unresolved from 1974 until 1977. Early in 1977, the senior official in the Fisheries Development Unit left the Department. Over the course of the next year, most of the rest of the Fisheries Development people left as well. Direction of the unit was given to one of the senior Fisheries Management people. By default, the innovative approach was

[64]Government of Saskatchewan press release, Regina, February 28, 1974.

[65]Koshinsky memo, November 30, 1973.

[66]Andrews and England Paper, September, 1973 and interviews with Piper and Koshinsky, 1977.

[67]Interviews with Clouthier, Edwards and Walton, 1977.

[68]Advisory Committee to the Northern Saskatchewan Fisheries Study Minutes, October 3, 1973, and interview with Feaver, 1978.

[69]Interviews with Clouthier, Walton and Edwards, *op. cit.*

defeated by the traditional, incremental approach. Senior departmental management was asked to resolve the dispute several times, but requests were deferred by asking for more information.[70]

Northern Economic Development and the Loan Fund

Everyone connected with the North, then and now, agrees that economic development is a pivotal northern policy issue. The Department's economic development approach represents a second example of how the rush to establish a program created unrealistic expectations, almost insurmountable difficulties, and obliterated the possibility of innovation. This example most clearly raises the question as to whether a slower, more rational, and more participatory policy development approach might have created positive, sustainable results.

Beyond a general recognition of the need to target development at communities in their present location, not much thought was given to designing a systematic economic development strategy so remote northern communities could become self-sustaining. Perhaps pushed by the political requirement to be perceived as doing something in this critical policy area, the Department initiated a loan fund in July 1973.[71] The loan fund quickly became the Department's most visible attempt to promote northern economic development. Administering the loan fund became a major challenge, however. The lack of an overall strategy, compounded by the almost total disarray of the Economic Development Branch in the first two years of its operation, were the two most significant factors which affected loan fund administration.

The administrative tribulations quickly diverted all attention from the larger issues of strategy and alternate mechanisms for achieving goals. The Branch had three different directors within the first eight months of its existence. Ten months after the Branch had been established, no field staff were available to provide assistance to potential clients. Added to this confusion, the initial capitalization of the loan fund, that was intended to be a revolving fund (able to retain its revenues), was low. Only three months after the regulations establishing the fund had been filed, two-thirds of the fund had been disbursed, and the loan approval process was deliberately slowed.[72]

Criticism of the Branch's activities was rampant within the Department and in the north as a whole throughout the Branch's life. The Minister put a complete freeze on Branch activities in early 1974, complaining that the Department had developed no policy for economic development in the areas of agriculture, fishing, trapping or wood harvesting. He also suggested that there were inadequate policies surrounding the fund, with no criteria regarding questions such as subsidizing interest rates or forgiving loans.[73]

By mid-1974, new regulations for the loan fund had been filed, and new and much larger limits for the loan fund account were in place. Tremendous pressure then was placed on Branch employees to process loans just as quickly as they could. This pressure put in place the second phase of the Branch's considerable difficulties. Within a year, the loan fund again was half used, and Branch officials as well as Central Agency staff were concerned about the high rate of delinquent accounts. Again under a new Director, Branch employees began to focus on more rigorously evaluating loans and on collecting delinquent loans.[74]

Generally these changes were successful in terms of allowing the loan fund to revolve. The time and energy required of Branch officials to administer loans properly came to be recognized during these years. By year-end 1976, senior officials of the Department, under some pressure from Budget Bureau, the Comptroller's Office and Treasury Board, had determined that the Branch's activities would be formally limited to administering the loan fund and providing

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[70]DNS Executive Committee Decision Sheet, November 27, 1976, p. 3.

[71]Saskatchewan Regulation 165/73, *Saskatchewan Gazette* 1973, p. 280.

[72]Hauck, *op. cit.*, pp. 130-133.

[73]Bowerman memo to Churchman, March 27, 1974.

[74]Hauck, *op. cit.*, pp. 133-137.

support to loan fund clients.[75] This narrowed the Branch's mandate from the broad perspective of promoting all economic development and all vehicles for development to the narrow perspective of a small business loan fund. Such a narrowing again illustrates the intensity of pressure to make policy in an incremental fashion. The broader questions of creating economic development strategies were once again ignored as the Department struggled to implement administrative controls for a program perceived to be out of control.

Northern Community Colleges
The way community colleges were created in the North is a third example of incrementalism dominating innovation.

Establishing DNS coincided with development of a new system of community colleges in the rest of the province. Adult education was a critical building block for employment and resource development activities in the north, so consideration was quickly given to how the community college concept could apply in the north. All of the premises underlying community colleges appeared to have ready application in the north. Community colleges could provide a decentralized, locally controlled system of adult education which could be actively used to support and promote community development.[76]

In the area of trades training, however, northern needs were significantly different from those in the south. Large technical/vocational facilities existed in the south; community colleges were not intended to deliver such training. In the north, trades training was a critical area of need. Many northern economic opportunities, such as constructing basic physical infrastructure and large scale resource extraction, depended on skilled tradespeople. Complicating factors included the remoteness of northern communities and the lack of mobility of northern residents.

The first northern community college was established under the jurisdiction of the Department of Continuing Education and began operating in La Ronge in 1973. All other continuing education programs were transferred to the Department of Northern Saskatchewan.[77] DNS's Colleges Branch began implementing continuing education programs through regional offices, which included the La Ronge Community College region, without consulting the La Ronge Community College Board and Principal.[78] These programs, adult basic education and special interest programs, were the very programs community colleges were best able to deliver.

These difficulties delayed the formal transfer of community colleges responsibility to the northern department for a period of approximately six months. The formal letter of understanding between the two Ministers reflected the concern which College staff and the Continuing Education Minister had about interference by Colleges Branch staff.[79] This early need for clarification presaged a long history of poor relations between departmental officials and staff working for northern colleges.

Colleges Branch officials, operating with some budget constraints, were concerned about integrating the College's activities with their own Branch activities. They wished to ensure that efficiencies were achieved in the delivery of programming. College officials and Board members saw these concerns as meddling in and infringing upon the College's autonomy.[80]

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[75]Moxley memo to all Branch Heads and all Economic Development staff, December 24, 1976.

[76]Department of Continuing Education pamphlet, "Saskatchewan Community Colleges", *circa.* 1971, and Wouters memo to Breese, January 4, 1973.

[77]*Department of Northern Saskatchewan Annual Report, 1973-74,* p. 27.

[78]McAuley letter to MacMurchy, June 30, 1973 and reply, July 17, 1973.

[79]MacMurchy letter to Bowerman, October 6, 1973, p. 2.

[80]Parsons submission to MacArthur, January 2, 1975, p. 2 and J. J. Bell memo to La Ronge Community College Board members, March 22, 1976.

A factor which should not be underestimated is the apparent disorganization within the Colleges Branch. Within the first year of operation, the Colleges Branch was reorganized and renamed. In 1975 and 1976, the Branch experienced severe budget cuts, blamed by the Budget Bureau on weaknesses in accountability and control.[81] Within this atmosphere, the Department decided to implement community colleges on a full-scale basis throughout the North.

DNS quickly found itself facing controversy over how College Board members were to be appointed. The Community Colleges Act clearly made board member appointment a matter of Ministerial discretion.[82] Northern residents, however, felt that they should influence, if not control, this matter. Appointments to the La Ronge Region Community College became an issue after a clash between college staff and its Principal. After the Principal resigned, the Minister decided that the Board required rejuvenating.[83]

At a public meeting in early January 1976, two resolutions were passed unanimously. These were that no more of the College Board members than necessary be removed and that Board members be elected rather than appointed by the Minister.[84] The Minister terminated the appointments of five of the six Board members, including the three he had initially wanted to remove.[85] Two of the Minister's appointments were individuals who either asked not to be appointed or were unavoidably unable to attend many Board meetings.[86] The Minister failed to use his discretion to validate the growing political self-confidence of northerners.

Demise of an Innovative Training Program: TOP

One of DNS's policy goals was to co-ordinate and integrate policy and program development. Policy integration and co-ordination were key elements that civil servants from the 1950s on believed formed the central administrative rationale for creating a single northern agency. The Training Opportunity Program (TOP) was an example of an integrated, coordinated program.

TOP was originally conceived and implemented by the Department of Continuing Education. The program provided all of the adult education requirements for people who had no previous experience with the world of wage employment, including employment orientation, counselling, academic upgrading and vocational training. Training was provided to participants while they worked on community enterprises which were intended to become permanent and viable. Thus the elements of human resource development, economic development and in some cases, natural resource development could all be combined in one program.[87]

The program seemed ideally suited as a development vehicle for DNS; on January 1, 1974, responsibility for the program in northern Saskatchewan was transferred to the Department. Almost immediately the program was earmarked for expansion. It appeared to be an ideal vehicle for the Department to sponsor innovative industrial projects which would process renewable resources already harvested in the north, and retain value-added revenue for northern communities. At the same time it would develop employment, vocational and academic skills for those involved with the projects.

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[81]Submission from Parsons to MacArthur, *Ibid.*; DNS Executive Committee meeting minutes, December 16, 1975; R. Moxley memo to J. J. Bell, 1976.

[82]*Statutes of Saskatchewan, 21 Elizabeth II,*1973.

[83]Interviews with J. J. Bell, Jill Gracie, John Stobbe, 1977 and Ken Collier, "Village Bizarre," *The Northerner* January 8, 1975; and "Village Controversy Boils as New Board Takes Office," *The Northerner*, January 28, 1976.

[84]Dalby letter to Bowerman, January 6, 1976.

[85]Order-in-Council 82\76, January 27, 1976.

[86]J. J. Bell memo to Bowerman, December 24, 1975.

[87]Hauck, *op. cit.,* pp. 160-162.

Unfortunately, the program was beset with problems very early in its implementation, and it became a fourth example of incrementalism succeeding over innovation. Since the Department had virtually no other economic development program functioning at the time, almost any project which employed more than a couple of people was considered for TOP funding. Program responsibility rested in the Colleges Branch. Since individuals there had little prior experience with economic development projects, technical feasibility appraisals for the projects were virtually non-existent. Finally, many of the TOP projects were developed as cooperatives. While an admirable idea, cooperative organization required an additional element of expertise which the Economic Development Branch of the Department, though formally responsible, was either unable or unwilling to provide to TOP projects.[88]

After considerable feuding between the Colleges Branch and the Economic Development Branch over how to handle TOP projects, a central agency intervened to settle the issue permanently. The Budget Bureau review of the 1976-77 Colleges Branch budget was particularly critical, and the Training Opportunity Program was a prime target. The scathing analysis suggested:

> It is clear . . . that the Branch is involved in what is intended to be economic development initiatives. Unfortunately, these initiatives have been taken in the past with extremely inadequate preparation and study. Consequently, the Department has bound itself to organizations initiated within constraints which give them no final prospect of viability. Furthermore, the concept of the program has proven to be extremely paternalistic.[89]

TOP projects were subsequently transferred to the Economic Development Branch, where they withered and died within a short period of time, at least partly because the Branch did not have the capacity to provide the support required by the projects.

Results

These four examples illustrate how incremental forces triumphed over innovative forces. In fisheries policy development and implementation, the conflict between incrementalists and innovators led to a policy process largely unintelligible to the people being served. Decision making was paralysed for a considerable period of time. When the incremental process finally prevailed, it marked the final demise of the innovative policy-making process originated in the Policy and Planning Branch. This case is a particularly clear demonstration of the outcome of the conflict between innovative and incremental approaches: the innovative fisheries development activities were the only activities which had been implemented as a result of policy development originating from the Policy and Planning Branch.

Northern economic development was a key policy area for the DNS, and it had an extremely high profile with the northern public. In spite of this prominence, the Department addressed this area with only one major program initiative. While it can be argued that other departmental programs contributed to economic development, the northern loan fund was the major initiative specifically targeted to improve the economic well-being of northerners and their communities. The Department never did develop a comprehensive, community-based economic development strategy. Nor were sectoral strategies ever developed, at least not in a way to which the northern public could react with approval or disagreement. The administrative problems which beset the loan program preoccupied the Department during its first years of operation, and by the time this program was brought under control, the entire focus for northern economic development strategies began to shift. After 1976, the uranium mine developments at Cluff Lake and Key Lake began to preoccupy departmental officials, as they wrestled with how the benefits

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[88]Hauck, *Ibid*, pp. 162-167.
[89] Drislane evaluation, December, 1975, p.2.

of these developments could be maximized for northerners. Now the Department was reacting to developments outside its control and once again, the opportunity to develop uniquely northern strategies to improve the economic status of northerners was missed.

In the area of community colleges, the Department approached college development cautiously and defensively, with southern policies serving as guidelines. An innovative policy approach would have incorporated northern needs for technical trades and vocational training in some manner. During the entire Blakeney administration, an argument continued about where best to develop a technical trades and vocational training facility for northerners. The Blakeney government provided for a Northern Technical Institute in its 1982 budget, however its defeat led to compelling reasons to provide such services to northerners being ignored by the new government. Expanded facilities were developed in Prince Albert by transferring the northern funding allocation in the budget to the new Prince Albert Institute in the south.

Finally, the Training Opportunity Program represented another unique opportunity for the Department. All of the elements of human resource development, resource development, and economic development could be combined within one program designed to leave viable economic enterprises in northern communities. Unfortunately, the program also demonstrated that the Department's most obvious reason for existing, to ensure program co-ordination occurred, was not realized, at least in the case of this program.

Public Participation Confusion in Northern Policy-making

The issues surrounding public participation in policy-making were often confusing for both the Department and northern residents. Proposed regional councils provide one example of how the absence of innovative strategic planning led to unresolved confusion as late as 1981, nearly a decade after the Department's creation.

The 1971 NDP Convention, the 1971 Bowerman cabinet document, and a 1973 Metis Society of Saskatchewan presentation to cabinet all called for northern regional councils. Representatives selected from those councils in turn were to form a northern territorial council with a crucial role in planning DNS policies and programming. Justice Bayda, Chair of the Cluff Lake Board of Inquiry, responded to recommendations from northern local governments and native organizations by calling for a Northern Development Board to give northerners a tool for determining their own destiny. Bayda also recommended revenue sharing with northern local governments.

In a 1980 White Paper entitled Options 80 and in a 1981 draft of a proposed Northern Municipalities Act, the government suggested a new northern municipal structure. Options 80 proposed the kind of structure called for in the 1971 NDP election platform, the 1971 cabinet document, the 1971 NDP Policy Convention, the 1973 Metis Society presentation to cabinet and the 1979 Bayda Report. The *Act* was to be accompanied by a northern resource revenue-sharing municipal-financing program that, in its first five years, would have allocated over $55 million. The structure, a late attempt by DNS to respond to suggestions which had been made for a decade, was initially criticized by northern local governments and by the Association of Metis and Non-Status Indians of Saskatchewan (A.M.N.S.I.S.). These organizations had developed a suspicion of government intentions in the north, and perceived these proposals as an attempt by the government to divide and conquer northern communities. After consultations throughout the north, the government announced in its 1982 budget speech that it would proceed with a new Northern Municipalities Act and revenue sharing.

Achievements and Positive Change

While by 1982 much remained to be done to bring conditions and opportunities to a level comparable to the rest of the province, significant progress could clearly be seen. Progress could be measured in terms of new facilities, programs and services available in northern communities. Of greater significance was progress made in beginning to reverse the patterns of colonialism which had been present in northern Saskatchewan.

Through individual, corporate, joint-venture and cooperative ownership, northern people were actively involved in providing commercial services. They were producing radio programs, operating day care centres, serving as health workers, supervising construction projects, working in uranium mines and mills, providing substance abuse treatment and actively participating in all aspects of northern society and northern development. Significant change did occur in the North; for example, over 10 years, the northern average annual wage increased 154%, i.e., over 15% per annum, while the welfare dependency rate had dropped from 47% of the population to 14%.

The Department had by 1982 accomplished much toward meeting its 1972 commitment to bring northern services to a level comparable to, if not identical with, services in the south. The single agency was far more effective than previous administrations had been in funnelling resources toward previously ignored aspects of northern development. Government had made a political commitment to development, and all of the evidence certainly suggests that, in terms of budget and staffing, this commitment was honoured. It is important to understand, however, that development was defined by the cabinet and the central agencies of government, rather than by the northern people the agency was trying to serve. Since no government agency anywhere permits its clients to decide policy content, DNS could only have reversed past colonial patterns by transferring at least some of its functions to northern-controlled structures.

Finally an Innovative Process: 1979-82

The creation of a single agency for the north signalled an intention by the Blakeney government to develop and implement an innovative development strategy in northern Saskatchewan. In the early stages of the new government's mandate, it was persuaded by line and central agency officials as well as, suddenly cautious politicians to forego innovation and manage the single agency incrementally. After dismantling the Policy and Planning Branch of the Department, a few sporadic attempts were made to integrate innovative and incremental policy making, but by 1977, government had almost totally settled into an incremental policy approach.

A conclusion that innovation failed in the early and middle 1970s in the north is nonetheless compatible with recognizing the significant positive achievements which are the major legacy of the Department. Existing programs in infrastructure, housing, health, education, social services, local government, economic development, communications, transportation and community services development were implemented through familiar management processes. In most cases, the services were new to northern Saskatchewan, but were not new to the province. As well, the programs may have been slightly modified to suit northern circumstances, but the basic model for the programs was not changed: virtually no programs were zero-base designed to suit the particular needs of northern residents. Though these programs have had a profound and lasting impact on northern Saskatchewan, the original vision of the Department as an innovative policy vehicle was never achieved. Another effort was, however, made.

By 1979, the Blakeney government had come to appreciate that the innovative process it turned away from in 1972 was still needed. A new minister, Jerry Hammersmith, appointed in June 18, 1979, supported by one of the government's senior deputy ministers, Ray Purdie, created this process, flowing from an innovative northern development strategy.

An innovative process for DNS was established through: (i) the deliberate development, during late 1979 and 1980, of a positive working relationship, based on mutual trust and respect, between DNS officials, on the one hand, and elected local government and education system representatives, as well as community-based, elected Metis and First Nations representatives, on the other hand; and (ii) a deliberate attempt, by DNS officials, to replace the donor/recipient mode that had, prior to and during earlier DNS times, characterized public policy for the north and the relationship between provincial governments (of various political ideologies) and the people of the north. The old approach was to be replaced by the development of northern public policy, initiated and driven by northern people and communities. People were to take charge of their own lives with DNS as a catalyst, assisting the provincial government to incorporate and support northern public policy as government policy for the north.

This process started with the development and support of local leadership, involved many, many meetings and informal decision-circles with elected local representatives and citizens in all northern communities. The white paper, *Options 80* recognized that there was a need to get out of the way as people made their own choices. This white paper was intended to have people select mechanisms to make and carry out their decisions. The results of other community meetings concerning in-school education, post-secondary education and training, health, social services, justice, economic development, employment, resource management and development and other areas, when taken in the context of the *Options 80* meetings, made it clear that, while it was necessary for people to have the mechanisms in place to take charge of their own lives, the mechanisms would have to be funded appropriately in order to make the decisions effective.

The minister, as well as officials in the department, saw it as the department's job, in addition to acting as a catalyst for the development, by northerners, of northern public policy, to package the resultant policy in such a manner that (i) departmental officials could successfully sell the policy to their colleagues in the central agencies of government, enabling (ii) their minister to sell it with his cabinet and caucus political colleagues, as well as with the Saskatchewan general public.

The government belatedly indicated, through its 1982 Budget's northern announcements, the political will to renew its 1971-72 commitments to innovation. The announcements were led by the intention to pass and implement an Act establishing Regional councils and a Northern Development Board, in addition to community-based local governments. The structure of local government was to be changed by creating a regional structure as well as a Northern Development Board. Municipal governments were to receive $6.5 million in additional funding, $1.2 million of which would go to regional governments and the Northern Development Board. This funding was to assist local governments in assuming jurisdiction over the Planning and Development Act and zoning in the NAD Regional structures were to take over service delivery for those areas outside community boundaries throughout the NAD

Government also announced in the 1982 Budget a new Northern Economic Development Foundation that would assist northerners in developing their own economic opportunities. Four million dollars was committed to the Foundation, with significant northern and native participation on its Board. In addition, funding was committed for a Northern Technical Institute to be located in the north.

Further evidence of a renewed government commitment to innovation is found in the 1982 DNS Futures Planning Process. This was a process designed to transfer many of the Department's service delivery functions and budgets to northern local and regional structures or to the Northern Development Board. Remaining provincial service delivery functions were to be systematically returned to southern line departments over ten years. True to its original intention, DNS would be dismantled. Government had reason to believe that the mandate of the Department to achieve government service delivery levels in the north which approximated those in the south had been or was nearly achieved by 1982.

All of the changes announced would have been institutionalized by the Blakeney government; however, both the budget and the process were subsequently gutted by the Tories, with the financial and human resources that had been committed to the north diverted to and institutionalized in the south.

After the Blakeney government, northern governments were not involved in the process, and there was little devolution to them of service delivery. Municipal revenue sharing was dramatically cut back and a limited *Local Government Act*, dropping the proposed Regional Councils and Northern Development Board, was passed. The Northern Technical Institute proposal was abandoned and funding was rolled into increasing the size of the Prince Albert Technical Institute, which had also been announced in the 1982 budget.

No more was heard of the proposed Northern Economic Development Foundation or Northern Development Board. The new government decided not to follow the systematic DNS Futures Planning Process for devolving authority to northern institutions and communities. The

new administration appeared to be intent on distancing government from northern individuals, institutions and their communities. However, northern resources such as uranium and other minerals remain abundant and very attractive to exploit. The impetus behind such development is considerable, while northern individuals, communities and institutions are still only marginally involved.

The Blakeney government's original intentions and attempts to provide alternatives to such development had met with only marginal success and renewed commitments to innovation were lost in the 1982 electoral defeat to Grant Devine and the Progressive Conservative Party. Government's record from 1982 to 1991 has left the impression that the north will continue as an economically, culturally and politically marginalised hinterland to the south at least into the 21st century.

The Process

The Blakeney government dealt with the problems of northern Saskatchewan and developed its single agency through swift action without department-level strategic planning or adequate representative public participation. The challenges faced are outlined in Table 1. The process employed produced a new department without a strategic plan or a shared sense of mandate and lacking the developmental and consultative skills necessary to produce programs suitable to the needs of the north. The research and planning group was created separately and quickly, and became isolated from the department because of its inclusive and radical stance. Table 2 describes the two cultures at logger heads in DNS. The department ran into numerous problems developing functioning (let alone appropriate) programs, but eventually, in the late1970s, developed a consultative process that produced a plan for local government, input and control. New skills were needed for this function, and were secured. The policies were approved by cabinet, but never implemented, so the department's capacity to implement them was not tested.

<div align="center">Conclusions</div>

The New Democratic Party and the government had promised and made public commitments to innovation in northern policy making, program development and service delivery, creating a public expectation for innovation in the north. While they made giant leaps forward in providing services in most program areas, these major accomplishments occurred largely through incremental change processes. Government-led change occurred mainly because of the sheer

<div align="center">Table 1: Problem Analysis</div>

Situation	Result
Single agency is long-standing bureaucratic & political solution to problems of development & political representation in the north.	Gov't moves to immediate solution without adequate northern public representative involvement in process of identifying, owning and proposing solutions to the problem
Problem has not been clearly defined. Involves: few northern representative institutions (political institutions)	Little representation of most people.
Poor education - poor schools - lack of training & training programs - little post-secondary education available in north	- population is poorly educated - few high school graduates & poor post-secondary retention - high unemployment
Development is resource based	- short-term jobs - boom-bust economy - northerners have little/no experience in mining

- employees are imported from elsewhere in Canada when development does occur	- little northern development benefits northern people - high unemployment	

Table 2: Two Cultures at Logger-Heads

Process for Identifying Problem	Group #1: NDP meetings & conferences Public service over many years	Group #2: Community meetings. Meetings with community developers. Hiring community developers into DNS.
Definition of Northern Problem	Lack of services Lack of education Lack of jobs Lack of economic development	Inadequate northern input & consultation. Lack of means & opportunity for northerners to vet gov't public policy decisions for the north. Decisions remained gov't policy decisions for the north, rather than northern public policy decisions, made by northerners with the advice of gov't, then adopted & mandated, as a result of discussions & negotiations, by the gov't.
Implementers	Experienced public servants transferred in from depts. of Natural Resources, Education, Health, Social Services, Municipal Affairs, Public Service Commission and Finance.	New, young public servants
Structure	Early establishment of an appointed, rather than elected, four-member Northern Municipal Council to consult with northern communities & advise the Minister in the planning, establishment & development of the dept. Line branch	Isolated staff branch
Values	Self-determination, autonomy. Aboriginal people need to be cared for.	Self-determination. Autonomy.

volume of resources expended by the public and private sectors. Perhaps because government had set such high original expectations for innovative policy development and implementation, there was a tendency to ignore the incremental achievements. They were very real and substantial, nonetheless.

In retrospect, it seems possible that a high profile, powerful, coordinating mechanism with authority to vet the northern policy development and programming of southern line departments could have been just as appropriate over time in allocating resources to northern development. The Northern Research and Development Authority which was originally proposed as the northern development mechanism, could have concentrated on involving northerners and their organizations in a policy making partnership. Unquestionably such a policy making vehicle would have been fraught with difficulties. It can be argued that the forum for disagreements between those favouring innovative or incremental approaches would simply have moved to the cabinet table, rather than within the single agency.

Transferring some authority and responsibility for development decisions to a northern-controlled structure would have satisfied some public expectations, and clearly would have represented an unprecedented policy innovation. It is also easy to understand the apprehension with which politicians and civil servants view such "radical" suggestions. Major obstacles are instantly raised: the lack of administrative and political decision making experience, the fear that major investors may avoid the area, and the fear that some resources may be unfairly and unwisely exploited for short-term benefits. The conflicting policy demands on government in deciding how best to approach northern development were substantial and alternative solutions, even in retrospect, were not obvious and without difficulty.

In reflecting on how innovation failed in northern policy development, several additional observations are possible. First, government-employed, white southerners clearly set the agenda

for northern policy. The rather turbulent arguments about innovation versus incrementalism were fought out within the civil service for the most part. Northern organizations were largely marginal in these debates, and certainly did not force government's hand in any significant way.

This chapter has demonstrated that establishing innovation as an objective within the public service is not sufficient to guarantee its implementation. One necessary prerequisite is public involvement or at least the active involvement of the target or client group government is attempting to serve in a particular policy area. While some attempts were made to involve northerners in policy making, these attempts resulted in confusion and frustration. There was no common understanding within the civil service, by politicians, northern interest groups and the northern public generally about the objectives and ground rules for public involvement. Without this commonly understood framework, disagreements quickly arose, and were often played out in the public arena. Perhaps the lesson for those interested in innovation in the public or private sectors is simply: People support what they help to create.

A second observation about innovation and incrementalism in the public service is that both administrators and politicians seem more skilled and definitely more comfortable with incrementalism. John Ralston Saul, in his book *Voltaire's Bastards*, identifies unelected senior civil servants as carrying the primary responsibility for the preponderance of incremental decision making in government. Saul argues that senior technocrats in line and central agencies control information in a way that takes policy making away from elected politicians.

An innovative, rational-comprehensive approach to policy making gives great difficulty to most government managers with strong administrative backgrounds. Most government policy making, then as now, was incremental in nature. Government policy-makers of that day, like the majority today, exhibit a resistance to long-term strategic planning. Their focus tends to be with how and at what cost policy will be achieved in the short-term, avoiding long-term discussion about the vision behind policy, the strategic manner in which policy will be achieved, and how success will be measured.

A third general conclusion is that for innovation to occur in any institution, a general level of managerial and organizational competence must be present. Organizations and people must be able to walk before they can run. In the case of DNS, many of its most critical developmental work units clearly possessed less than a basic level of organizational competence. Very quickly, therefore, those with accountability for these work units were forced to change their focus from one of development to one of control. It seems apparent that, in an environment where innovative approaches are required, adequate lead time for strategic planning, process development, and human resource development are prerequisites. The headlong rush to put visible efforts into place in northern Saskatchewan after 1972 likely condemned innovation to an early and inevitable death.

A fourth reflection is possible about the role of the service and control paradigms in public administration, particularly when government is confronted with a situation outside of its normal experience. These two paradigms are at the heart of much conflict within contemporary organizations. If service is the orientation, mountains can be moved in attempting to accomplish the objective of serving the customer more effectively. Innovation, in particular, can flourish and is highly valued within a service paradigm. If control is the paradigm, however, often all that can be seen are the obstacles, the reasons why something can not be done, and why existing systems, processes, policies and procedures or minor modifications of these are the best ways of getting things done. Politicians and civil servants tend to approach the work of public administration from rather different positions on the service and control continuum.

Elected politicians may come to the policy table with some ideas and sense of general direction for policy; they rarely come equipped with the hard data and a strong grasp of what government systems can realistically accomplish. The orientation of the politicians is towards both service and control of the political agenda: the orientation of senior civil servants is often more purely engaged by control of the public purse and of the administrative systems which make government work. Unfortunately, the service orientation of politicians is often not strongly enough rooted to overwhelm the control orientation of senior managers in the public

service, and both parties have an interest in control of the political agenda. Also, politicians by training may not be well skilled at implementing a service orientation. These skills, after all, predominate primarily in the private sector among entrepreneurs who simply will not survive if they can not create new ways of serving their customers successfully. It is a disturbing thought that, when confronted by unique circumstances requiring nontraditional responses, the public service may be unable to serve because of the requirement to maintain control of administrative systems and the public purse.

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Chapter 6: Managing Innovation in a Line Department:
Saskatchewan Transportation, 1971-1981
Eiling Kramer and Tom Gentles

Introduction

The purpose of this chapter is to document the innovative nature of the Department of Highways and Transportation's programs from 1971 to 1981. The fundamental core of management in those years was to identify and produce results, not indulge in processes. All programs and activities had to have a specified purpose. And the purpose was, insofar as possible, to be defined and quantifyable in hard terms. Or, when it was not possible to measure in hard terms, then the activity was to be measurable subjectively. So, even a report had to set out what was intended. Without that identified intention how can one evaluate the results?

The decade 1971-81 was one of innovation for Saskatchewan Transportation due to the coming together of several conditions. The general policies of the Government supported change: innovative programs that we proposed were not automatically approved by the Budget Bureau or Treasury Board, but neither were they rejected out of hand. There was often considerable controversy over the potential value of the programs. This meant that the usefulness of the programs had to be carefully developed, weighed and presented to stand any chance of final acceptance. This need to provide careful justification aided the innovation process to a certain extent.

Within the Department, there was a large contingent of staff who had many years of experience, who were particularly well trained in the technical aspects of the work, and who were ready and willing to respond to the challenge. Most of the ideas for changes came from this group. The successful implementation of the programs was due entirely to their initiative and enthusiasm.

The conditions for change did not include an abundance of funding. There was very little extra real funding during the decade: the real budget level was almost exactly the same in 1981 as it was in 1971, even though traffic volumes and truck weights increased significantly during the period with resultant increased wear on the road system. Funds for the new programs came from changes in programs, new methods and savings in equipment operations and staffing costs.

Organization for Action

Changes in organization were clearly necessary in Saskatchewan Transportation. There had been no complete review for nearly 10 years, since a Woods, Gordon study in 1963. To gain the benefits of an outside opinion, and to take advantage of the wealth of ideas and knowledge from Highways staff, a double-barreled approach was used. R. J. Genereux and Associates was selected to provide outside opinions and guidance. Genereux had been an employee of the Department of Highways before going into private engineering practice.

Several in-house committees were appointed to supplement the work of Genereux, on the subjects of long-range planning, personnel policies, public relations, information for management, internal communications, social and environmental concerns, policies for development of the highway industry, and research and development. Thirty-nine departmental staff participated in this committee work. Other departments were invited to participate. The Departments of the Environment, Natural Resources and Municipal Affairs assisted with related aspects of the review.

The Department was reorganized basically as recommended by Genereux in terms of organization, functions and the responsibility of each of the proposed units. Each of the committees contributed their reports, and their recommendations were substantially implemented in the following few years.

Some of Genereux's recommendations were outside the control of the Department and were never realized. Foremost among these was that the Department should be confirmed as the Department of Highways *and Transportation,* and should be assigned overall responsibility for

transportation. Although the Department had been officially named the Department of Highways and Transportation as far back as 1934, actual responsibility for transportation had been mostly limited to that of the provincial highway system. Many elements had been allocated to other existing or newly created organizations. The grid road system had been assigned to Municipal Affairs, northern roads to the Department of Northern Saskatchewan, vehicle management and the *Vehicles Act* to the Highway Traffic Board under the Attorney General, transportation policy to the Transportation Agency under the Department of Agriculture. Consequently, with no overall coordination, there were many inconsistencies such as that standards for certain grid roads were higher than the corresponding standards for provincial highways. There was considerable duplication of administration and engineering resources because of this lack of consolidation of transportation management.

Some important recommendations that were implemented in the following years included use of cost effectiveness techniques to assess planning, design, construction and operational programs; expanded research and planning activities; extended use of stage designed pavements to ensure that funds available for roads provided the maximum possible overall service; expanded highway safety programs; use of programs and procedures that would preserve the long-term stability of the highway industry; adoption of policies and procedures to reduce adverse social and environmental effects of highway construction; an increased staff training program; and enhanced public information programs.

Staff Development Policies

Capable, trained and enthusiastic staff are known to be a requirement for any organization that wants to be completely effective. Such a situation does not come about by chance. So, a deliberate, planned program was instituted, which had the objective of enabling staff to achieve their full potential. The Personnel Committee set up to supplement the Genereux study, chaired by M.. P. Kocur, made recommendations with respect to the need for a work force planning program, training and development of staff, transfers, and the conditions of work for labour service personnel. These specific recommendations were acted on during the following years.

The Minister, E. Kramer,[90] set out immediately to get to know the personnel in the Department, scheduled visits to all the head office groups and each highway district, and stopped at every maintenance and construction operation that happened to be on the route he was taking as he drove the province's roads. So, during the first few years, he had an opportunity to meet nearly all highway employees and, believes they felt comfortable talking to him about the work they were doing and the problems they were encountering.

Every effort was made to enable staff to achieve their full potential in whatever position they held. This was accomplished by training personnel in technical aspects of their work, administration and management, and also by encouraging them to participate in the work of provincial, national and international organizations.[91] Paul Fitzel, Lorne Melquist and Roger Oberg were seconded in 1974 to the Canadian International Development Agency to study the

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[90] As the minister, I (E. Kramer) think that my desire to innovate came from my background as a product of the Dirty '30s on the farm, when I learned to "make do." There was a day to day challenge to cope with difficult circumstances during those trying years. Knowing how to deal with people may have come from my experience as a farmer, policeman, lumberjack, rancher and auctioneer. If something needs doing, you must find a way to get the job done!

[91] For example, Merv Clark was promoted from the position of Pavement Engineer to that of District Engineer, Swift Current. He was encouraged to continue his participation with Canadian and American pavement research organizations. This led to his appointment as the Canadian representative on a pavement research committee of the Organization for Economic Cooperation and Development. His fellow participants still remember his work there.

highway department in Swaziland. Even the Deputy Minister was granted a one-year leave of absence in 1977 to participate in an Asian Development Bank highway project in Indonesia. The general management philosophy was to search actively for every opportunity to recognize and thank people for good work. After the mammoth effort to control the Lumsden Flood in 1974, for example, Kramer personally sent out several hundred letters thanking every person individually for their contribution to the success of the operation.

Occupational safety programs received special attention. All staff and their families were encouraged and given the opportunity to take first aid courses.[92] Work crews encountered some difficulty with vehicles speeding by the work operations. Requests to police to control traffic speeds were received sympathetically; however, they pointed out that the *Vehicles Act* was very vague in respect to driving past workers on the road. Because it was necessary to prove that the driver was traveling at a dangerous speed, it was almost impossible to obtain convictions. One RCMP Officer, thoroughly familiar with the *Vehicles Act*, suggested a solution: the highway crews should stake a cow in the ditch where they were working. The *Vehicles Act* was very definite in respect to the safety of cows, requiring that all vehicles slow down to 15 miles per hour when passing a cow and prosecution for speeding was easy. Although it didn't seem appropriate to stake cows in the ditch beside all work crews, this did encourage staff to promote a revision of the laws for the protection of work crews. This is the origin of the speed limits shown in the orange zones now posted wherever road work is in progress.

Emphasis was given to employment of women in field operations. Also, regular opportunities were provided to participants in the University Cooperative Work program and in an international student exchange program (AISEC). Special programs were instituted to encourage handicapped workers to overcome their disabilities and contribute fully to their jobs and to themselves.

Probably the most specific evidence of the results of the program occurred during the strike of 1979. The strike started on 16 November, 1979. It is probable the union leadership expected the condition of roads to suffer, and that this would assist in achieving a favourable settlement. Highways management staff had the responsibility of keeping the roads open and free of ice. A program to train management staff in equipment operation was undertaken before the strike took place. A public information program was instituted to alert the traveling public to possible problems. As well special communications and contingency plans were set up. An overriding policy was adopted that good relations with union staff were to be maintained at all times. This meant no confrontation or other situations that might have lasting detrimental effects. The possible effect was noted in the Post Office when a confrontational approach was taken.

Union staff naturally supported the union in the strike. Relations between the union staff and management staff were preserved to the degree that, on November 23, highways management staff were specifically rebuked by a senior cabinet minister for being on inappropriately friendly terms with the strikers.

 Initial concerns were expressed about highway services being withdrawn from the public. It was soon evident, however, that the contingency plans in place, and round-the-clock work by management staff, were keeping the roads in suitable condition.[93] The condition of the roads

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[92] This was put to good use many times, such as when Graham Tuer encountered a car burning beside the road with the driver trapped inside. Because of his training, he was able to control the fire long enough to rescue and thus save the life of the driver.

[93] I (E. Kramer) was concerned that union leaders had been less than honest with the union membership. Christmas was on the way. Good people were out on the picket line without pay. At one stage, I rose in the Legislature to report on how the Department of Highways was coping with the situation. I referred to Larry Brown, the executive secretary of the union, as "the Grinch who stole Christmas." This was a rather indelicate statement to make. It is probable, however,

during the strike, as measured by days of icing and days blocked, were at least as good as during normal times. The strike ended in early January with no adverse lasting results.

In retrospect, it seems possible that the Department was ahead of the times with *affirmative action* in the 1970s, when most highways departments were not even cognizant of such issues. There is apparently much reluctance throughout Saskatchewan and Canada even today to develop programs to enable people to fulfil their maximum potential.

Communications with the Public

Staff were asked to be aware of all transportation needs in the Province and not just the needs for provincial highways. To achieve this, a great deal of communication with the public was needed. Therefore, attendance at public meetings was encouraged and even mandated. Staff could then explain highway programs, and also listen to public complaints and public suggestions for improvements in operations.

To bring the public in on the decision-making process required a comprehensive, open information program so that they would be as knowledgeable as possible about the highway system. This program included such elements as construction signs that gave details on road costs, news releases and radio and television interviews.

To assist with this objective one of the first appointments was that of Martin Semchuk as Public Relations Consultant.[94] Semchuk set about dealing with several hundred accumulated and unsettled claims from the public. This meant visiting the highway districts to inquire as to the engineering aspects of the claims, and then calling on the claimant and endeavouring to negotiate just and proper settlements. During the first few years he disposed of the backlog of criticisms.

Letters of complaint from the public were monitored over the entire period and efforts were made to reduce the number. Complaints ranged in the order of 30 to 40 per month at the beginning of the period. They gradually declined in number until only two or three per month were being received toward the end of the 70s.

Service to the Public/Community Development

Preserving the viability of prairie farms and urban communities has received a great deal of attention in Saskatchewan. The attention did not always result in effective programs, however, as the population has continued to decline from 1936 up to the present time. Unfortunately, the programs of the Department of Highways and Transportation alone could not turn this around. An effective transportation service could help to preserve the communities that did remain, however. Before 1936, bad roads probably kept people in the farms and villages; but, after 1946, people wanted access to the services of the cities. If they could not get them while living rurally then they would be inclined to move to the cities. So, a number of programs were instituted to facilitate the provision of services to the prairie communities. These programs were generally not expensive, but they did provide an improved level of service to individuals and to small communities of Saskatchewan. Following is a description of some of these programs.

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that even some union members supported the remark. Reaction was very favourable and is evidence that unorthodox tactics can serve a good purpose.

[94] Semchuk had a reputation as a sincere, honest and dedicated person, who knew the province thoroughly and was respected by all who knew him. He had been an MLA from the Meadow Lake Constituency, and was known for his feat in taking a cat train of supplies from Meadow Lake across country to Uranium City during several winters in the late 1940s. Semchuk was particularly proficient in managing negotiations and astute in making suggestions for needed programs.

Operation Open Roads was a program to provide a light pavement connection, from the community to the highway system, for hundreds of towns and villages that were not located on a highway. This program provided dust free driving to nearly 25% of Saskatchewan residents, about 240,000 people, and saved at least three cents per car mile. One Rabbit Lake beneficiary reported that he saved about $250 on his forty round trips per year to North Battleford. Operation Main Street provided a paved main street in towns and villages. This modernized hundreds of main streets for urban business convenience. It included communities near the highway system and also those away from it.

The Community Signing Program served road users by advising them of services provided in each community. A single large sign was installed on each side of the community with symbols representing various services such as food, lodging, gas and so on. These signs informed the public and provided businesses with an advertising outlet. By consolidating the information, the rights of road users to highways uncluttered with advertising signs was also preserved. This program has been copied by several other highway jurisdictions. Unfortunately, in Saskatchewan, private advertising signs have recently been permitted. The result is that a multitude of advertising signs are now strung out along highways near many communities.

Other programs included transportation of the handicapped, a hotline for winter road information, map boards in the north, assistance to municipalities for gravel investigation, and the right of municipalities to use department-owned gravel reserves.

Each winter, roads were opened to northern communities including Uranium City. That road was a particular challenge as it meant traversing several hundred miles of forest, marsh, rivers and lakes. Lake Athabasca was the main challenge and danger. Despite loss of some equipment, the work was performed year after year without a fatality to department staff.[95]

On a different level, many highway section headquarters were developed in the smaller towns and villages in Saskatchewan. To the maximum extent possible, local people were hired to fill positions on the highway crews stationed at those decentralized depots. More than half the department's employees were permanently stationed in small towns and villages, as a result. This program was a deliberate effort to benefit the economy of rural centres through local employment.

In winter, the soils in Saskatchewan , including highways, freeze down to a depth of almost two metres, so damage on roads, due to trucks, is virtually nil. Weight limits for trucks were, however, always kept the same in winter as in summer. This was changed. Extra weights were allowed as soon as the roads froze. Transportation costs were significantly reduced, particularly for farmers involved in hauling grain to elevators.

Environmental and Heritage Protection

The Department took the lead in environmental protection when the situation warranted. Such an occasion was construction of Number 4 Highway where it crossed the site of Telegraph Flats, the original site of the Town of Battleford. Funds were provided to Museum of Natural

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[95]   A close call occurred in one case, when a grader was operating on Lake Athabasca. The ice thickness had been checked and was OK; but, suddenly the ice broke and the grader went to the bottom. Equipment was operated without doors, so that drivers could quickly evacuate if necessary. However, the accident happened so quickly that the driver had no time to get out, and went in with his machine. He came up in the hole the machine had made, and was able to get out of the water. At forty below zero, his wet clothes turned solid in a few minutes. When some of the crew came by in a pickup a short time later, they were unable to bend him to get him into the heated cab. They had to lay him in the back and carry him to the cook car that way. He was thawed out and was back to work a few hours later, even though he was offered a few days off to recuperate. The grader was fished out of the water a few days later.

History staff to undertake the necessary investigation. This resulted in the discovery of the cellar of the original Hudson's Bay Store that the Indians had burned. Recovery from the cellar included 27 sickles, 15 scythes, 11 hand saws and large quantities of nails, glass and china from the 1880s.

An old nineteenth century pile trestle bridge across the Battle River, in that same area, had been used to carry trains traveling between Biggar and Battleford. It had been slated for destruction. It has, however, been preserved in response to Department of Highways initiatives.

One and a half sections of natural trees, grass lands and prehistoric Indian camp sites north of White City had been held by the Department as a gravel reserve. It had not been managed properly, was used as a local dump area, and was badly over-grazed by locally owned cattle. Parts of it were being disposed of for uses that would have destroyed its value as a natural area. The area was turned over to the Department of Natural Resources on the condition that it be converted into a nature preserve. This has been done; the area is now known as the White Butte Recreation area. It is a popular spot for hundreds of families who use it for cross-country skiing (currently 700 people each week) and other recreational activities. Schools use it for nature studies.

Another program cleaned up old gravel pits that had been left in appalling condition over the previous fifty years. Specifications were developed for working new gravel pits to make certain that the situation was not repeated.

Recognition of historical and cultural values was supported wherever possible. One program in this regard was to name certain highways. This program included naming 55 Highway the Kelsey Trail, number 13 Highway the Redcoat Trail and Highway 955 from La Loche to Cluff Lake the Semchuk Trail.

Relations with Suppliers: Contractors and Equipment Suppliers

Strengthening the road building industry received priority consideration in many ways. The road building contractors of Saskatchewan have historically played a vital role in providing for the efficient grading, graveling and paving of the Saskatchewan road network. These contracting units were almost all small operations, where the owners were also the managers. This meant contractors who knew their business, and knew what Saskatchewan needed in the way of roads. It also meant considerable competition for road projects. This has kept costs down to rock bottom at all times. Under these circumstances, there was always a danger that the industry could be damaged by such factors as a run of bad weather or a sporadic flow of contracts that bankrupted contractors. This could eliminate them forever from future bidding competition. As a result, it was in the interests of Saskatchewan that the contracting industry remain healthy.

The Minister instituted regular breakfast meetings with the contractors. At these meetings the contractors and the senior department staff discussed problems frankly. Many ideas advanced at these meetings were adopted as standard policies and procedures. One perennial problem had been that of contractors being forced to continue work on a project even though weather conditions made it impossible to perform productive work. Arrangements could often be made to allow the contractor to work elsewhere until weather conditions improved. The meetings also brought to light the fact that money owed to contractors was not being paid because of additional verifications that were needed. Where the contractor was not responsible, a system of paying interest on money owed was developed.

A very useful policy set by the government at one stage was that supplier invoices should be paid within a reasonable amount of time. A monthly information system was put in place by the government to show, for each provincial department, the actual number and percentage of invoices paid within the specified period. The Highways Department consistently met the policy, although thousands of invoices were involved and most of them had to be sent to the districts and smaller management units all over the province for appropriate certifications. This was very important as far as highway suppliers were concerned, and demonstrated the usefulness of having a visible management information system.

The department had historically preserved a government-owned road building capability. These "government outfits" were commonly used for special types of work where uniformity and

scheduling were particularly important and for particularly difficult situations. This work included construction of the many wooden bridges required for provincial highways and municipal roads. Work was streamlined so that a bridge crew could move in and build a bridge in three days. The lightly paved "oil treated" roads were also mostly done by these government crews. The work was organized so that production of a mile of surfacing a day was not unusual. One of the first appointments was that of Dennis Belliveau as Manager of the entire fleet of government equipment used for road and bridge building.

Construction of Number 47 Highway north of Estevan is an example of difficult work conditions. This road was built during an especially wet year and through a particularly wet area of the Province. Progress was slow due to the very wet soils encountered. One of the public relations difficulties encountered was that the reason for slow production was always assumed to be because these were government crews. Here the Department was able to show the real problem by opening up part of the work to private tender. The bids came in greatly in excess of the costs of the work by the government crew.

It is worthy of note that the contractors appointed both the Minister and Dennis Belliveau to the Board of Directors of the Saskatchewan Road Builders Association after our retirement from the Department.

Special Programs

In the interest of strengthening local communities, some additional programs were instituted. One of the main communication problems in Saskatchewan had always been the river crossings. A very efficient ferry service had always been in place, but these could not provide service in the spring and fall and during dry periods in the summers. Consequently, a bridge construction program was implemented to enable year-round transportation at the most critical locations. This included new bridge construction at Maidstone, Maymont, Gronlid, Lloydminster and Buffalo Narrows.

The construction of the Buffalo Narrows bridge was particularly challenging because the depth of water prohibited conventional construction. Engineers constructed the bridge on land; it was then winched out over the river. A barge, which had been partially filled with water so that it was almost at water level, was then floated under the bridge. The water was pumped out of the barge to lift it and the bridge. The barge was towed to the bridge site and positioned so that the bridge was over the preconstructed abutments. The water was then pumped into the barge again so that the bridge was lowered gently onto the abutments and the barge could be towed away.

As well as assisting local communities with construction and maintenance of local airstrips, the department undertook to provide adequate airports at regional centres. This included airports at La Ronge, Meadow Lake, Hudson Bay, Prince Albert (airport extension), Buffalo Narrows and Lloydminster (cost-shared with Alberta and the federal government). This program greatly facilitated the Saskatchewan Air Ambulance Service.

The construction of thousands of kilometres of very thin pavements had always been a challenge. The theoretical life of such roads was only a few months. With very careful construction and regular maintenance, however, these roads could be made to last for six to twelve years depending on traffic, soil and moisture conditions. Without that program, there would still be thousands of kilometres of gravel roads with consequent dusty and muddy conditions. The success of the program depended on considerable research and testing of alternative methods of construction. One of the construction methods developed was to use ground-up car and truck tires mixed with asphalt. The rubber made the asphalt mix more flexible so that the pavement could deflect under vehicle loads without breaking up to the same degree as ordinary asphalt mixes. The system also had the advantage of using materials that were going to waste, and were causing an environmental hazard in some places.

Planning and Budgeting

Particularly since the early 1960s, the governments of the USA, Canada and various provinces had tried to introduce program budgeting, the system of clearly defining the cost and

the output of all programs so that the value could be judged, and a decision made as to whether the program should be increased, decreased or dropped altogether. To this day, governments have had limited success, as the reports of government auditors regularly point out.

The Department of Highways and Transportation was the first Saskatchewan department to introduce program budgeting. The components of every program including the construction, maintenance, bridge and other delivery programs were assessed in order to define what was actually being produced for the money allocated. This also applied to the management programs. Every senior manager identified the things he expected to accomplish during the coming year and the funds required. Four meetings each year were held with each senior manager at which progress was discussed, and any required changes in direction approved. There were many interesting outcomes from this program. Some are as follows.

One of the problems of providing road service in Saskatchewan has always been the very great length of roads needed to serve the sparse and scattered population of the province. Engineering and management techniques were available to enable highway managers to provide the best possible service with limited funds. There were, however, problems in doing this. There had been a feeling among some in government that "if you're going to do something, do it right." Applied to road building, this meant that roads should be paved to last. That is quite easy to do as far as the engineering is concerned, but such roads cost three or four times as much as lightly built roads even considering the extra cost of maintenance required for the lightly built road. With limited funds, many roads would not get improved at all. The most cost effective solution for a large system is to spread the available funds over the system using light pavements. This is so that all road users can gain the advantage of driving on paved roads, although the roads may not be first class.

Roads need to be maintained, however. It was a constant struggle to get the required funds in the maintenance budget, yet such funds were crucial to the strategy. The construction and maintenance programs were not considered together by the government or Budget Bureau staff, although they were very clearly related, and obviously had the same objective. Also, the public had to be convinced: when they saw a new road requiring maintenance within a year or so, they tended to criticize the engineering. True engineering is not just building a road that will last, however. That is easy to do. The challenge is to build a road that provides a suitable level of service, at least cost, when both the construction and the maintenance costs are considered.
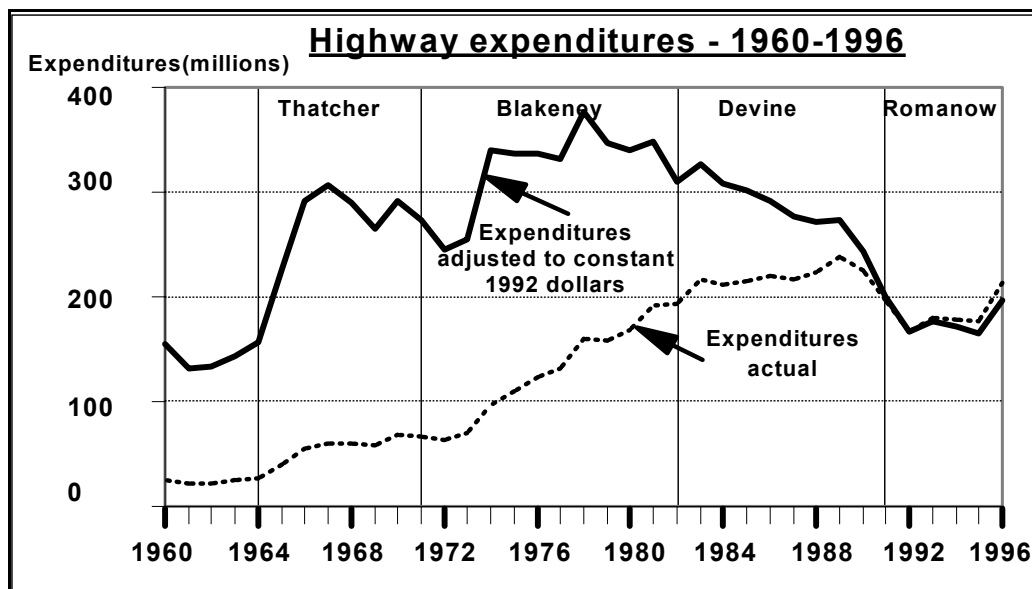
The road maintenance program was divided into the categories of surface patching, ice control, snow control, traffic signs, paint striping, mowing and administration. Each of these sub-programs were tested to determine what could be achieved at different budget levels. The mowing program, for example, was tested at reduced levels. Some expected that there would be many complaints due to the ragged appearance of roadsides caused by uncontrolled growth of vegetation. In fact very few people noticed. About the only letters received came from conservation-minded individuals commending the Department for the improved habitat for birds. Consequently, the mowing program was reduced to provide only for weed control, sight distance at intersections and snow control in winter.

The snow clearance program was measured by the hours or days it would take to restore the service after an icing storm or a snow storm. Budget cuts simply meant an increase in the time to restoration of service, so the costs of any specified level of service could be determined.

This should have made the government funding decisions easier. It is probable that it did not, however, at least at the beginning. Budget Bureau officers would regularly open budget discussions with the question "What is the least amount of money you can get by on next year?". The answer "Zero dollars! But, of course, the level of service will fall to zero" was not the answer wanted. After a few years the question was no longer asked, and the level of service was used to some extent as a basis for making budget decisions. When the government later attempted to introduce the PMIS program budgeting system, the Department was allowed to continue the use of its own system.

Although actual expenditures on transportation did increase during this period, from 60 million to 160 million dollars as shown in Figure 1, any real increase was lost due to inflation.

Figure 1: Saskatchewan Highway Expenditures, 1960-96

Highway expenditures - 1960-1996

Expenditures(millions)

| | Thatcher | Blakeney | Devine | Romanow |

400

300

Expenditures
adjusted to constant
1992 dollars

200

Expenditures
actual

100

0

1960   1964   1968   1972   1976   1980   1984   1988   1992   1996

Achieving efficiency is the process of trying to get the very most in the way of public service from the funds allocated for a particular program. This can be done by using appropriate equipment, suitable materials and best work processes. In addition, effective management programs such as management information systems, staff development and research play an important role. Each management support program was assessed to make certain it was as effective as possible at the time. This made possible the reduction of the cost of management from 9% of the total program to 6.5%.

During budget fine tuning, it was often decreed that the budget should be reduced by some percentage, accompanied by the edict "But don't reduce the level of service–just do things a bit more efficiently." Although the department's proactive management put it at a disadvantage in face of these across-the-board cuts, the program budgeting system effectively eliminated that fallacy. The department was able to show that measures to achieve efficiency and effectiveness were always in use to the maximum extent possible. Budget cuts could be assessed in terms of reduced service.

A management information system was instituted so that progress on all programs was monitored regularly. Effective management requires development of specified objectives or targets, and a program to measure and report on results at regular intervals. Without these two matching components, effective management of any program or system is a myth. The British Government has now set out a Citizen's Charter (July 1991) that includes these two aspects of management to some degree. "Targets should be published, together with full and audited information about the results achieved." It's possible that the Department of Highways and Transportation was ahead of the times in this respect, as well as some others.

Intergovernmental Coordination

An early action was to catalogue the federal government programs available for road improvement in Canada. There were many programs, but Saskatchewan was not participating in any of them. Consequently, as far as federal assistance for roads was concerned, Saskatchewan was receiving less than any other province. Out of $484 million spent on roads by the Federal Government only $2 million was spent in Saskatchewan.[96] A case was made for federal government contributions to roads in Saskatchewan under the various programs. Federal government contributions increased to $11 million dollars per year over the next few years.

In 1973, Minister Kramer proposed a Western Highway Ministers conference to discuss common problems, and to pool the resources of various studies and experiments going on in the individual provinces. It was agreed that this was a good idea, and the first Western Highway Ministers Conference was held in North Battleford in 1973. The experiment caught on and, each year after that until 1981, each province in turn was host to a conference that turned out to be of great value to all.

During these meetings, ministers developed a common western approach to many highway problems. One matter of concern to all the Western Provinces was the Yellowhead Highway. It was the obvious route for a second Trans Canada Highway. Various provinces, however, had different standards and different route numbers. Through these meetings, we got agreement on standards for the highway. Highway numbers were changed so that the Yellowhead Highway is now number 16 all the way through Manitoba, Saskatchewan, Alberta and British Columbia. This common approach strengthened the position of the provinces in negotiations with the federal government for assistance for a second Trans Canada. Although it was possible to obtain sporadic assistance for selected sections of the road, the Ministers were unsuccessful in getting an agreement for assistance on the entire road as a second Trans Canada.

The Traffic Safety Initiatives

A high level traffic safety division was established in the department early on. Al Popoff, formerly of the City of Saskatoon's Engineering Department, was appointed to head the unit. This unit was instrumental in the success of the seat belt program across North America, and also of other traffic safety initiatives.

The stage had been set for improvements in traffic safety. A committee of the legislature, chaired by Arthur Thibeault of Kinistino Constituency, studied the problem and submitted a comprehensive set of recommendations for improved highway safety. The report was adopted by the Legislature. Minister Kramer was appointed by the Premier to chair a ministerial committee charged with carrying out the recommendations in the report.

One of the most far-reaching recommendations in the report, and perhaps the most sensitive to implement, was to legislate the mandatory use of seat belts. At that time, only Ontario had a seat belt law in place, and it was not being enforced very thoroughly. Only one obscure county in the entire United States had a seat belt law. There was opposition to compulsory use of seat belts from a vocal group on the basis that it infringed on personal rights. This was despite laws already in place in many jurisdictions requiring use of helmets by motorcycle riders.

Certain things were known about the use of seat belts; these facts served as a foundation for the Saskatchewan program. First, seat belts saved lives and reduced injuries. The degree of reduction in severity of accidents surprised even the advocates of seat belts. This evidence came from countries that had already implemented and enforced seat belt laws, Australia being a prime example. Research evidence from crash tests also showed the great potential of seat belts, if only people would use them. Second, no amount of publicity or proof would induce the average person to use seat belts. A lifetime habit of not using seat belts was just not going to be overcome

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[96] Reported by Minister Kramer at a Saskatchewan Tourist Association meeting July 27, 1973

in any reasonable period by publicity alone. The evidence for this came from several countries. England in particular had implemented intensive campaigns to educate the public on the benefits of seat belts. Seat belt use never exceeded 20%. And even that fell right back when the campaign eased off. Third, people would use seat belts if there was a law in place requiring their use, and if governments and the police seemed to believe in them to the extent of enforcing the law. People are law abiding and do want to do the right thing. Again, the evidence came from several countries including England and Australia. Fourth, the group in Saskatchewan who were considered to be most open-minded and receptive were the high school students.

Consequently, a public information program that included TV demonstrations was mounted. A group of volunteer speakers covered the high schools of the province showing slides and demonstrating the effectiveness of seat belts. An exhibit was shown at many public events such as fairs to demonstrate the actual effects of using seat belts. This included the "Convincer" that enabled people to experience safely the effects of a slow speed collision. Highway signs were installed and bumper stickers were issued to encourage use of belts.

The result of this campaign was that seat belt use went up from 10% to 20% and held constant while the campaign was being conducted. This was almost exactly what had been predicted. But another expected result came into play: The general public, possibly influenced by the high school students, came to favour the use of belts, although they would not use them personally. This change in attitude set the stage, and in 1978 the government passed a seat belt law with little opposition. With nominal enforcement, seat belt use immediately went up to 70%, and now is in the 90-95% range in Saskatchewan.

From Saskatchewan and Ontario, seat belt laws have spread across Canada, and have overwhelmed that bastion of personal freedom, the United States. Signs there don't say "please use your seat belts." They simply say "Buckle up–it's the law." The group of advocates, and the general public, in Saskatchewan can take credit for the extent of seat belt use and the thousands of lives that have been saved through this program.

Minister Kramer personally advocated a "Seat Belt Survivors Club." Anyone who had been saved from death or serious injury by using seat belts could join. At no cost, of course. In the next few years, hundreds of applications arrived in the minister's office. Some were thankful descriptions of events, such as the young woman who was involved in a high speed roll-over accident. She stated that when the vehicle came a stop she was still holding her baby safely in her arms. Some were quite sad such as the woman who wrote of her collision accident. Her seat belt saved her from injury, but she had not insisted that her young son beside her wear his belt, and he was killed in the collision. By 1980, there were almost 2000 members of the club. Minister Kramer personally signed each of the membership certificates and letters that went out to every applicant. The Seat Belt Survivors Club idea was picked up, and implemented by a number of agencies.

Many other programs were developed, and some existing programs were strengthened because of the implementation of the Thibeault Report. The results were evident in accident statistics as a decreasing rate was apparent by 1975, and this continued throughout the decade. Two to three hundred lives had likely been saved, and 12,000 injuries prevented by 1980. The reduction in severity of injuries is impossible to estimate.

The Innovation Process

Saskatchewan Highways created and managed an innovative department and set the stage for implementation of a substantial number of innovations. Highlights of this process included active, people-oriented management, management by results and a focus on accountability. The Department emphasized service delivery by listening to staff, suppliers and the public. It developed community and horizontal concerns like the environment and heritage issues. It was responsive and improved its operations through research-based increases in efficiency, with an emphasis on prevention. Naming initiatives helped to communicate them more effectively to the public and reflected a concern with communication.

Conclusions

The 1970s were a time of creative management and innovative programming. Changes in methods and policies always seem to generate some caution on the part of government bodies that have been formed to make certain that line departments work efficiently and have effective programs. During this period, 27 government bodies had some control over the programs and policies of the Department of Highways. At various times, these bodies had to co-operate for programs to be implemented and managed effectively. Inevitably, this led to debates when Highways had a firm position on a particular policy. A great deal was accomplished during the decade under review, however.

These 27 bodies had to be persuaded, if programs were to be implemented and managed effectively; this sometimes required firm positions that were occasionally not well received. It was never an assumption that the Department knew what it was doing, and could manage its programs effectively without interference. This lead to some difficulties, particularly with the Budget Bureau staff. On one occasion, a senior departmental official was accused of intimidating a Budget Bureau officer. That Budget Bureau officer had served in the British Army, and had participated in the training of Idi Amin. The charge could only be considered ludicrous. It did result in the need for several meetings before the matter was clarified, however.

On another occasion, the Department was accused of "wheeling and dealing" to get budget levels approved, and of not providing enough information to support budget requests. A request for examples produced not a single one. The basic feeling was there, however, that the Department was up to no good despite the evidence to the contrary. Thus, considerable time and energy was required to prepare the ground for change, and to steer changes through the necessary processes. Even the communications set up with the contracting industry were suspect, and on one occasion departmental staff were warned not to listen to the contractors. The Department did receive permission once to present the facts in respect to highway budgets to the Government MLA's. Such a presentation was never allowed again.

The conclusion must be that the public appreciated the programs and the quality and effectiveness of the management during that period. This was not recognized within the government, however. Support and encouragement from other government bodies is crucial in the long run. It was not forthcoming.

Selecting good people, delegating responsibility and rewarding excellence seemed to us the only way to build a department that would function in the public interest. Management by results was the guideline. This sparked the imagination and improved the morale of the entire Department. The *rule of errors* was used as a basic principle. This rule is "It doesn't matter how many errors a person makes. The only thing that matters is whether the agreed upon results are obtained." The Department's record of accomplishments (Appendix A) lists more than 100 initiatives carried out from 1972 to 1981, bearing witness to a great deal of enthusiasm throughout the Department.

We believe the highlight of the many programs was the Safety Program. The introduction of compulsory seat belts was brought in with a minimum of public resistance, although there was opposition in the Cabinet and caucus. Minister Kramer survived many battles in-house to get permission to bring in the legislation. The fact that the Canadian Safety Council estimates that 1000 lives were saved during the first 10 years, must make the initiative known as Safety '77, the major accomplishment of the decade. Meeting the challenge of the Lumsden flood successfully on short notice speaks to the organizational ability of departmental staff. Reducing the cost of administration by approximately 25% was unusual for the 1970s. Employment and promotion of women was ahead of many line departments during that period. Sensitivity towards the environment, recognizing historical names, halting construction and paying for an archeological dig at Battleford, indicated an attitude not usually associated with departments of transportation.

Whatever success was achieved during that interesting decade, credit must be given to the Blakeney style of leadership that allowed departments to use their initiative to provide public service to the extent that limited funds would permit.

Appendix A: Department of Highways & Transportation: Accomplishments 1972-1981

Management
- Safety Award for equipment operators.
- Heavy equipment operator training program that resulted in the employment of women as equipment operators.
- Employed women in categories previously held only by men, i.e. engineering technicians on survey crews and in field laboratories.
- Introduced management by objectives.
- Introduced an operating program budget system.
- Administration costs reduced from 9% to 6.5% (25% reduction).
- Developed strategy to increase federal assistance from close to nil to $11 million per year.
- Developed equipment standards for better evaluation and control of equipment requirements.
- Established engineering design capability for lake ice crossings.
- Interest paid to contractors on overdue accounts.
- Technical advances to improve the display of information and reduce the cost of printing the official highway map.
- Technical advances to improve the printing of a construction map to display annual construction activities of the department.
- Expanded community meetings to explain department programs and assess public reaction and acceptance.
- Developed techniques to display information or equipment of historical significance.
- Winter road to Uranium City.
- Administered truck weight system to include Regional Municipality roads.
- Program to make gravel from departmental pits available to Regional Municipalities.
- Employment in small communities.
- Assistance for gravel testing to rural municipalities.

Maintenance
- Higher weight system in winter to assist grain trucks, when ground is frozen and overweight is no problem.
- Developed over-height warning signs (using pulsed infra-red signals).

Surfacing Design and Construction
- Adopted and improved high float asphalt emulsions and used them for graded aggregate seals.
- Developed airborne ground resistivity measurement system for locating buried sand and gravel deposits.
- Adopted soft asphalts as standard re-surfacing binder material.
- Experimented with full depth soft asphalt mixes.
- Used rubber-asphalt material for crack sealing.
- Used reclaimed rubber for rubber-asphalt seal coats.
- Recycled old pavements.
- Thinner pavement structures to accept local failure conditions instead of maintenance free pavements.
- Evaluated pavement recycling methods.
- Used light aggregate for seal coat and as an aggregate for a recapped pavement.
- Used waste Lagoon Ash from coal fired generating plant as a base and sub-base under paved highways.
- Plant mix of cold mixes into stockpile using drum mixers in lieu of road mixing.
- Developed a non-destructive system for determining dynamic modulus of pavement and subgrade layers.

- Replaced asphalt concrete with seal coats.
- Economical pavement designs (e.g., pavement B).
- Rubber crumb seal coats.
- Experimented with using sulphur as asphalt extender.
- Used sulphur in asphaltic paving and maintenance mixes.
- Used reclaimed rubber in asphaltic seal coats.
- Surface Management System.

Traffic Safety
- Developed comprehensive traffic accident data collection and analysis system.
- Safety '77 campaign.
- Safety improvement programs for highways. 1979 level = $1.3 million.
- Grass Roots public education about seat belts, 1976; 15,000 persons addressed.
- 1978-79 - Design and implementation of a new provincial traffic accident information system.
- Signage programs - community, regional park, campgrounds, city maps, northern directories.
- Hotline for road information.
- The Seat Belt Survivors Club.
- Safety engineering studies in a selected number of towns.
- Reduced rate of accidents on provincial highways system from 24% of total to 12% of total.
- Adopted in 1977 a comprehensive Urban Traffic Safety Program.

Bridge Design and Construction
- Bridges at Maidstone, Maymont, Gronlid, Lloydminster and Buffalo Narrows.
- Fabricated towers for erecting steel truss bridges.
- Towers also used for transporting trusses intact for distances in excess of one hundred miles by securing either end of the truss and then using two fifth wheel equipped tractor-trucks.
- Towers used as temporary bridges to span crossings up to 35 feet.
- Fabricated a crane system on a low-bed semi-trailer for setting precast concrete bridge stringers.
- Fabricated hinged steel bridge structures for crossing pressure ridges on Lake Athabasca.
- Fabricated an automatic cutting torch holder for cutting out damaged areas of steel girders after being struck by over-height loads.
- Use of high density, low slump concrete for thin bonded overlays on bridge decks.

Research
- Constructed new central testing lab.
- Developed television guidance system for traffic striping premarker.
- Developed advance warning sign for protection of over- passes from collisions by over-height vehicles.
- Designed and built a pavement test track.
- Developed and improved drum-mixers and adopted them for hot mix paving and maintenance stockpiling.
- Introduced the use of high speed pavement marker.

Air Transportation
- In 1974, the department completed a major revision of The Airport Assistance Program to improve the level of assistance of Municipal and private airports.

Subgrade Design and Construction
- Use of portable nuclear gauges as standard compaction control test method.
- Used Fly-ash cement-sand mixtures for pressure grouting cavities around culverts.
- Developed use of lime to improve qualities of highly plastic clays.

Chapter 7: Social Justice Through Legislation: Saskatchewan Labour[97]
Gordon T. Snyder

Introduction

My appointment as Minister of Labour in 1971 provided me with the opportunity to shape a department designed to enhance and protect the rights of the working people of Saskatchewan. I believe this was accomplished in a very major way. Morale among department employees was excellent. We were known to declare that we were not only the best department of Labour in Canada - but that we were the *only* Department of Labour.

This chapter describes the large number of changes and innovations which saw Saskatchewan lead all other provinces in measures which made life more secure, safe and rewarding for the working men and women of our province.

The Context

The preceding seven years of Liberal administration were described as the "seven long, lean, gaunt years" by Allan Blakeney. Nowhere was this more true than in the Department of Labour. The relationship between the Saskatchewan Federation of Labour and the Liberal government of Ross Thatcher got off to a combative beginning at the first Saskatchewan Federation of Labour convention following the 1964 provincial election. The newly appointed Labour Minister, Lionel Coderre, was invited to address the convention. He received a cool reception, despite what appeared to be an effort to minimize the hostility he had himself engendered by his anti-union rhetoric while a member of the opposition. In the course of his remarks, he asked the members of the Saskatchewan Federation of Labour for the opportunity to demonstrate his good will and impartiality. He concluded his address with the biblical quotation: "By their fruits ye shall know them."

The Saskatchewan Federation of Labour was unforgiving, and, as he left the podium in a chilling atmosphere of silence, a motion was proposed from the convention floor which called for the Saskatchewan Federation of Labour to "take whatever action is necessary to bring about the defeat of the new Liberal government".

In the following seven years, the distrust and concern that the Saskatchewan Federation of Labour felt for the Thatcher government seemed justified. Amendments to The Trade Union Act made it more difficult for unions to organize workers. Labour Standards, which established hours of work, minimum wages, annual vacations and statutory holidays, enjoyed virtually no improvement during the Thatcher years. Industrial relations, a vital function of the Department of Labour in the resolution of labour-management disputes, was largely non-existent in 1971, with a single officer on staff to help extinguish the labour-management brush fires over the entire province.

Only token support was offered on the question of women's issues at a time when increasing numbers of women were entering the workforce and demanding recognition. A single employee in the Women's Bureau had a mandate which did not extend far beyond public relations and speaking engagements.

The problems associated with the Workers' Compensation Board had become monumental. The Board had been directed to keep levies assessed upon employers as low as possible. Accordingly, the Board was seen as the agent for denied claims, tardy rulings and petty adjudication of injury and disability awards. Aggrieved workers who were convinced that they

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[97] The part of this chapter concerned with innovation was published in Eleanor D. Glor, editor. 1997. *Policy Innovation in the Saskatchewan Public Sector*. Toronto: Captus Press. The longer piece is included here because it describes the entire reform package and because of requests for copies of the full chapter.

had been unjustly dealt with could appeal to the full Board, but invariably felt they were appealing to the same body which had already rejected their claim.

Against this backdrop, the Injured Workers' Association sprang up to represent those who felt wronged and neglected. As their members increased and became more vocal, a clear public awareness of the plight of injured workers emerged.

By 1971, the Thatcher government had given clear notice of a declaration of war on the trade union movement with the passage of *The Essential Services Emergency Act, Bill #2*. This Statute gave absolute authority to the provincial Cabinet to declare any work stoppage an emergency, without recall of the Legislature. The Statute also provided stringent penalties for violations of the edict. To organized labour, this was the last straw which rendered the process of collective bargaining impotent.

It had become increasingly obvious that the government of the day had scant regard for Saskatchewan's working men and women, and had relegated the Department of Labour to a lowly position as the poorest of Cabinet relatives, starved for funds and personnel to perform its role.

An Occupational Health Unit, located in the Department of Health, performed a limited function in providing for the enforcement and regulation of health matters in the workplace. It was regarded as less than enthusiastic in pursuing a health program which affected workers on the job.

It was in this atmosphere that the NDP government was ushered into power in 1971. The Department of Labour emerged with an understood mandate to preserve and enhance the circumstances under which Saskatchewan's working men and women earned their livelihood. The new government provided a reasonably free hand to the Department in formulating a strategy to overcome the damage and neglect of previous years despite the fact that only three members of the NDP Caucus had any real ties with the trade union movement.

A number of people have suggested that the 11 years of the Blakeney administration produced the best and the most progressive labour legislation on record in Canada. Other provincial jurisdictions followed the lead of labour initiatives introduced by the Government of Saskatchewan from 1971 to 1982.

The Essential Services Emergency Act and Hours of Work

The first Session of the 17th Legislative Assembly passed two major changes which were promised by the New Democratic Party during the 1971 provincial campaign. *The Essential Services Emergency Act* was repealed. Since its inception, it had hung like a dark shadow over the process of collective bargaining. The repeal of this legislation was expected and applauded by the trade union movement. The NDP had not been naive enough to suggest that compulsory arbitration was never to be an option if the health or safety of the public was seen to be endangered. In the event of such an emergency arising out of a labour dispute, however, it was understood that the Legislature would have to be called into Session and any "back-to-work" legislation would die with the settlement of that particular dispute, a "one-shot affair". The second major initiative was legislation to reduce employee hours of work and eliminate the urban-rural disparity.

Trade Union Act

The Saskatchewan Trade Union Act is the principal Statute which spells out the conditions under which unorganized workers may choose to accept a trade union as their sole agent to bargain collectively with the employer with respect to working conditions and remuneration. *The Trade Union Act* provides for the procedures to be used in determining if the union represents the majority of workers in a particular establishment or enterprise. The *Act* defines unfair labour practices which may be laid against the employer or the trade union. The body which is charged with the responsibility of adjudicating such charges of "unfair labour practices" is a quasi-judicial body known as the "Labour Relations Board", which is comprised of equal numbers of labour and management members with a chairman who presides over Labour Relations Board meetings.

The legislation governing these activities is the most important, complex and most widely misunderstood of any of the Statutes related to the interaction between labour and management. Accordingly, this exercise will not involve great detail, but instead, attempt to provide a brief summary of the legislative changes (1971-82) and the rationale for their introduction.

It should be understood that the right of workers to join together and bargain collectively with their employer with regard to wages and conditions of employment is a fundamental right when agreed to by the majority.

Some features of *The Trade Union Act* which might appear self-evident are anything but that. A classic example is found in the definition section. When workers are deciding the question of joining a union or remaining unorganized, the matter of which workers will be covered by the collective agreement, and which will be excluded, becomes a cogent issue. It is generally accepted that *bona fide* managers, as part of the corporate management structure, are excluded from any collective agreement entered into between the company and the union.

An employer who was opposed to having a union in his establishment was inclined to designate *manager status* to large numbers of employees. Cases were seen where employees were deemed to be *managers* even though they exercised no management functions, and had no managerial authority. They did not exercise the right to hire or fire; they did not work in a confidential capacity; nor did they regularly perform defined management functions or receive remuneration which could be considered a management salary.

For these reasons, a clear definition of the term *employee* was necessary in the 1972 *Trade Union Act* revision. The result was that when a vote was conducted by the Labour Relations Board, only those who were genuine managerial employees were excluded in determining what the *Act* describes as an *appropriate unit*.

The 1972 amendments also provided for the appointment of an executive officer to the Labour Relations Board who would be empowered to discharge the duties of the Board in order to expedite its work and reduce the time lag in dealing with cases before the Board. The amendments also provided for an appeal of the executive officer's decisions to the full Board by either party.

Prior to the 1972 amendments, the Labour Relations Board could dismiss an application for certification of a union simply because the employer maintained that the workforce was not yet up to maximum strength. This provision was shown to be abused by employers in an effort to discourage the formation of a union in the workplace. If such a buildup of employees were to actually take place at a later time, the workers would still maintain the option of making an application to decertify the union if the majority of the workers were so inclined. For these reasons, the amendments made it clear that an application could not be rejected by the Labour Relations Board simply because the employer claimed that his work force was not "up to strength".

Other inequities required attention in the 1972 amendments. The *Act* had previously required that the union must show support of 60% or more of the employees before a certification order was issued. Less than 60% required a vote to be taken, which was clearly a waste of time for the Labour Relations Board. More significantly, it provided time and opportunity for the employer to influence employees. The amendments made it clear that a vote would not be required if the Labour Relations Board was shown that the union had the support of the majority of employees.

A number of amendments provided protection from employer interference, the elimination of the 30-day strike vote provision and removal of the *hot cargo clause*–all of which represented sources of friction in the workplace. The 30-day strike vote provision allowed for a vote to be taken after a strike had been in progress for 30 days. The vote was to be taken on the basis of the employer's last offer, and was obviously designed to take advantage of the union's weakened position after a lengthy dispute, but more importantly, the provision almost ensured that most strikes would last at least 30 days. The *hot cargo clause* prohibited workers from refusing to handle goods emanating from a struck plant.

During a period of growth and technological change, an amendment was also considered necessary to protect workers' rights when *a significant number* were affected by such changes in the workplace. The amendment did not prohibit such changes from taking place, but required that 90 days' notice must be given - and that the terms and conditions of such changes must be the subject of negotiation prior to being put into effect.

Regulations were enacted which specified the number of employees affected in order to be considered *a significant number*, as described in the *Act*.

Total employees:	Significant number:
2-9 employees	2 employees
10-19 employees	3 employees
20-29 employees	4 employees
30 or more employees	20% of the total

This legislation provided the mechanism for negotiated adjustment to take place when workers' jobs were lost or altered as a result of a new technology being introduced into the workplace. Saskatchewan led all other provinces with this necessary change.

Another amendment shortened the maximum length of a collective agreement to two years from three. The reason for this change centred on the practice of "front end loading" which provided for a large pay raise in the first year and a much lower increase in the second and third year. This type of contract promoted inflation in the first year and resulted in industrial unrest in the second and third year.

The *Trade Union Act* was again amended in 1981 in order to clarify Section 11.2(d) which had been called into question by a judicial ruling which placed an interpretation on the section which was never intended.

The ruling held that a majority of the entire membership must vote in favour of a strike before a work stoppage can be authorized by the union. Prior to that ruling, it was understood that a majority meant a majority of those who participated and actually cast a ballot. It was realistic to assume that those who did not vote could not be considered as a *yes* or *no* vote. For this reason the amendment provided clarification and returned this section of the *Act* to its original intent, that being that a majority of those members actually voting would make the decision.

In practical terms, the matter was not a major issue, as the leadership of the trade union movement agreed that a strike would be totally impractical unless the union was assured of overwhelming support of its members.

This brief outline does not include all of the measures introduced during the 1971-82 period. It represents an overview of major changes which were designed to repair the damage done in previous years in order to provide a climate in which collective bargaining could function in a fair and harmonious fashion.

Labour Standards

The *Labour Standards Act* is the basic legislation which spells out a full range of provisions affecting the working conditions of practically every wage earner in the province. In 1971, when the Blakeney government was elected, the labour standards provisions had slipped close to the bottom of the scale compared to the other provincial jurisdictions, as a result of neglect during the seven years of the Thatcher administration.

In an attempt to stop the erosion, in August 1971 an amendment was passed establishing a universal 40-hour week, with time and one-half for overtime, the first province in Canada to do so. The amendment provided for a reduction from 44 hours per week to 40 hours in urban areas and from 48 hours a week to 40 hours in the rural areas, thus eliminating the urban-rural disparity. Saskatchewan was the first province in Canada to introduce the universal 40 hour week.

In May of 1972, the right of an employee to obtain a leave of absence to run as a candidate and serve a term in any public office was enshrined in law. This was a first in Canada.

In 1973, equal pay for similar work provisions were adopted to protect the rights of working women.

The Statute was also amended to provide four weeks' annual vacation after 20 years of service and three weeks' annual vacation after one year of service. This was, again, a first in Canada.

In 1974 legislation was provided to protect employees from loss of wages where an employer fails financially. In 1975 *Saskatchewan Day* became the 9th Statutory Holiday, to be celebrated on the first Monday in August. Only the Federal Government, British Columbia, the Northwest Territories and the Yukon had nine designated statutory holidays. In addition, 18 weeks' unpaid maternity leave was provided, and somewhat later six weeks' paternity and adoption leave was provided for in *The Labour Standards Act* to allow an opportunity for adjustment following the arrival of a new child in a worker's home. Saskatchewan was the first jurisdiction in Canada to provide for paternity leave. Saskatchewan also became the first province to legislate bereavement leave.

In 1980, an amendment was enacted which provided for a period of notice of termination or layoff of an employee which lengthens with length of service, with regular pay in lieu of notice. The notice period extended progressively from one week for employees with more than three months but less than one year of service, up to eight weeks after more than 10 years of service.

During the latter years of the 1970s, increasing demands by retail workers and their respective unions in particular centred on the question of *two consecutive days off*. In many cases, a worker would have a work arrangement with Sunday and another day of the week off, other than Saturday or Monday. Accordingly, *The Labour Standards Act* was amended to ensure two consecutive days off, subject to a more mutually acceptable arrangement to be agreed to by the employee and employer. This, again, was a first in the country.

Instead of emerging as a conquering hero for retail workers, numerous workers in the retail industry descended on me with the wrath of God. They invited me to stay out of their life. A number of them maintained that they were older employees who needed to split the week with their usual Wednesday off. Others told me in plain language that Wednesday was the day they played bridge with the girls, that they had done so for years, and would I kindly mind my own business.

This was the only labour measure which was less of a success than had been forecast by those who promoted it, and hounded me until I succumbed. The legislation remained in place, but employees were given an exemption on request. Accordingly, I do not look back on this particular legislative amendment as my greatest accomplishment.

Still another amendment provided that an employee could not be discharged solely because he or she had been served with a garnishee proceeding.

Finally, one of the fundamental cornerstones of labour standards, the minimum wage provisions, received continuing attention during that period. It is important to remember that the lowest paid workers, almost always unorganized and without union protection or significant voice, are solely dependent upon the actions of government to provide a degree of financial protection for them.

The Minimum Wage Board was reactivated in 1971, and progressive adjustments made in order to reflect rising costs as they affected those lowly-paid workers. When the NDP was elected in 1971, the minimum wage was raised to $2.00 per hour, with regular adjustments to the level of $4.25 on January 1, 1982, which was the highest rate in Canada at that time. Provision was made for an increase to $4.50 to be effective January 1, 1983, an adjustment which did not take place when the Progressive Conservative government was elected in April, 1982.

This does not represent a complete summary of all the labour standards changes during the 1971-1982 period. It does, however, outline the major revisions during that 11-year period.

Occupational Health and Safety

My own determination to make occupational health and safety a personal crusade had its roots in work experiences of the 1940s and 1950s. My experiences as a railroader carried anger and vivid memories of hazardous, unhealthy and unsanitary conditions, which employees were expected to tolerate as a normal working environment.

In the era of the steam engine, coal docks and water tanks were unlighted in most instances. In winter, ice and steam represented a risk to life and limb when engine crews were required to fuel and water these giant steam locomotives. The list of casualties was impressive–but management was unmindful of their responsibilities if safety measures were to involve any significant cost.

In the late 1950s a new phenomenon occurred. The diesel locomotive appeared on the scene, bringing with it a number of advantages, and as well new hazards. This change in motive power introduced noxious fumes and carbon monoxide gasses into the workplace. Some diesel locomotives in particular filled the engine cab with smoke which sent the Engineer home after an eight-hour shift, suffering from violent headaches and nausea.

On a personal note, I was castigated and threatened by management personnel on numerous occasions for refusing to operate an engine which, because of incomplete combustion, filled the cab with fumes and, with the wrong wind direction, rendered employees at ground level invisible. From this derived my personal preoccupation with occupational health and safety and the measures introduced in Saskatchewan to provide a safer and healthier environment for those workers within our jurisdiction.

The Saskatchewan approach to occupational health and safety represented one of the major initiatives by the Department of Labour following the 1971 general provincial election. At that time, the functions of the Occupational Health Branch resided in the Department of Health, which relegated that agency to a rather minor role in the total scheme of its mandate.

In the process of departmental reorganization, it was decided that Occupational Health, Safety Services (electrical and gas inspection, the fire commissioner's office, etc.) should be located under one umbrella organization. Dr. Robert Sass, who subsequently became the Director of the new Occupational Health and Safety Division, provided exemplary leadership to the program.

The 1972 legislation was developed with a recognition of the health and safety concerns which were causing increasing anxiety in the Saskatchewan workforce. These worries were not limited to the workers. Many employers were uneasy about the effects of technological change and the introduction of new and dangerous chemicals into the workplace. Cases cited included the rising incidence of chronic bronchitis, occupational dermatitis, allergies and a host of complex medical problems. A new set of ailments were manifesting themselves, including neuro-muscular weakness caused by vibration, deafness produced by the noise of machines, beryllium poisoning, etc. The government believed it had a clear-cut obligation to take steps designed to safeguard the welfare of employees on the job in an attempt to eliminate dangerous and unhealthy working conditions.

The original Bill provided for the transfer of the responsibility for occupational health from the Department of Health to the Department of Labour and permitted the setting up of an Occupational Health Council of between 9 and 12 persons representing management, labour and agriculture who had expertise in the field of health and safety. Additionally, the Minister was given the authority, where there was seen to be a dangerous work environment, to require arrangements to be made for medical supervision of the workers in that environment. Additionally, doctors and hospitals were required to provide, without charge to the Chief Occupational Medical Officer of the Department, reports concerning people who became ill or injured while engaged in an occupation.

An important part of the legislation required that Occupational Health and Safety Committees must be established in all places of employment with 10 or more employees. This Occupational Health and Safety Committee, with representatives of management and labour, could convene a meeting to deal with matters of concern. The intention was to resolve

occupational health and safety problems at the local level. Failing a resolution of the problem, Occupational Health and Safety Officers were available to intervene. In the vast majority of cases, committees solved their problems without intervention.

In the early stages, some employers resisted the committee concept, believing it to be an intrusion upon their rights to manage without interference. Most employers complied willingly, however, believing that a mutual benefit was to be expected. Nevertheless, it was considered prudent to provide that a worker could not be discharged for activities or involvement as a member of an Occupational Health and Safety Committee, another first in Canada.

The requirement in *The Occupational Health and Safety Act* to provide for worker involvement in the occupational health and safety committees in places of employment with 10 or more employees, as outlined in the legislation, was a slow and halting step in the direction of *industrial democracy* as it is widely known in the Scandinavian countries in what was formerly West Germany and in other European countries. It was a concept endorsed by the International Labour Organization, and was given credit for a cooperative arrangement between labour and management that had reduced conflict in labour-management relations to an impressive degree.

The Saskatchewan Department of Labour, in the period 1971-82, had explored the policy with a view to a modified form of worker participation on management boards. It was greeted with scepticism by organized labour. In some quarters, it was feared that, in sharing management responsibilities, workers might be coopted and begin to see management's point of view with greater clarity than the unions'. An effort was made to interest the Energy and Chemical Workers at the Crown-owned Sodium Sulphate Plant at Chaplin (100 miles west of Regina), in a pilot project. Workers were ambivalent and the union unenthusiastic. The program did not get off the ground.

Another attempt at *worker participation* was somewhat more successful. The Saskatchewan Federation of Labour nominated a trade unionist to serve on the board of a number of Crown Corporations (e.g., a member of the Communication Workers would serve on the Board of the Saskatchewan Power Corporation). It was felt that the worker should not be from the union that bargained with that particular Crown Corporation. A conflict of interest was seen with a union member on the board which was negotiating a contract with his or her union. The concept of *worker participation* or *industrial democracy* had not advanced beyond that stage in 1982.

Legislation also provided that a worker could refuse to perform what that worker believed to be *unusually dangerous* work until it was determined that the workplace was safe. If the problem was not resolved, an Occupational Health Officer of the department was to be called in order to make that determination. Workers were protected from disciplinary action in the exercise of this right, and while some employers feared that this right might be used irresponsibly, this fear was unfounded as workers acknowledged the value of the *right to refuse* clause and chose not to abuse it, and run the risk of losing that basic protection. The *right to refuse* was not available in any other jurisdiction in Canada at that time.

The occupational health and safety legislation also provided for stringent fines for violations of the *Act,* and an educational program was devised to assist employers and employees to provide information in order that the rights and obligations of both parties were understood. In select cases, employees were provided with monitoring equipment to measure levels of carbon monoxide and other toxic substances in the workplace.

The plan was successful and received widespread attention from other jurisdictions. While some employers resisted the provisions of *The Occupational Health and Safety Act* in the early stages, I think it can be said that the program enjoyed widespread support when the reduction of accidents and injuries in the workplace had the effect of lowering the assessments paid by employers to the Workers' Compensation Board in a number of occupational classifications. In the main, it could be said that employers generally acknowledged that a safe, secure and healthy working environment provided for a more happy and productive workforce.

Workers' Compensation

In 1971, there was general agreement that the operation of the Workers' Compensation Board was due for a major overhaul. Complaints were monumental and, upon examination, the grievances seemed wholly justified. Legitimate claims were stalled and settlements offered which did not properly reflect the severity of the disability, whether an accident or industrial sickness claim.

The three member Board was replaced (chairman, employer representative and union representative). The appointment of a new chairman, the former Chief Claims Officer, Dick Fowler, turned out to be a wise choice.

During the Thatcher years, the Board had been ordered to keep the assessment levied on employers to a minimum. It must be remembered that the cost of operating and awarding settlements is funded entirely by employer contributions, based on X number of dollars and cents per $100 of payroll. The more hazardous the industry, the higher the cost to employers in that classification.

Workers' compensation was founded on a mutual agreement that employers would bear the entire cost and, in turn, employees would sacrifice their legal right to sue the employer in the event of an injury or sickness caused by the work environment. This arrangement was intended to free both parties from costly legal entanglements and freed the employer from the spectre of a ruinous suit where employer negligence was established in the operation of the business, resulting in an occupational injury.

When Dick Fowler, the new Chairman, assumed his duties he did so having won the respect of staff, workers and employers alike. As Chief Claims Officer he had performed well, given the financial constraints placed on the system. His immediate task was to clean up a mountain of disputed claims and re-establish the credibility of the Workers' Compensation Board. In a few short months, long-standing complaints had been settled, and a new atmosphere was ushered into Saskatchewan's compensation system.

At this juncture, one fact was clear. It would be necessary to increase assessments on employers or pile up a large, unfunded liability. The Workers' Compensation Board consulted each employer group and explained in precise detail why major increases were necessary. Because of their efforts, increased costs were accepted, sometimes grudgingly, but understood.

With the multitude of old claims largely dealt with, attention was turned to an update of the legislation relative to a host of problems that had been left unattended.

During the 1974 Legislative Session, a Worker's Advocate was appointed to assist workers in the presentation of their claim before the Workers' Compensation Board. The Advocate was an employee of the Department of Labour and, as such, could not be seen as an agent of the Board. The sole responsibility of the Advocate was to assist the injured worker and assure just treatment. Shortly, the volume of work required the appointment of a second Advocate.

In the fall of 1971, a task force was established to review thoroughly workers' compensation in Saskatchewan. The task force submitted a comprehensive report in the following spring, containing some 73 recommendations. Legislative changes were required to reflect the realities of the 1970s.

Changes in legislation provided that, effective January 1, 1974, all survivor benefits would be increased substantially. Dependent children's allowances, widows' and orphans' allowances, were also adjusted upward.

The minimum pension payable to totally disabled workers was also raised and all existing disability pensions were increased by 2% for every year the pension had been in existence.

The total cost to the Board was to be $16 million. The Board was unable to fund more than $9 million without another major increase in assessment on employers. Accordingly, the government agreed to a one-time payment to the Board in the amount of $6.5 million. Additionally, the maximum income allowable for calculating compensation was raised, and a mechanism was built in for automatic increases in $1,000 increments when 10% or more of the workers injured in any given year had incomes exceeding the current ceiling. Over the years,

significant upward adjustments were made to prevent the need for the extraordinary catch-up measures which had previously been made necessary by years of neglect.

Embodied in the workers' compensation legislation is a requirement for a review committee to be activated every four years which must report and recommend legislative changes to the government. Judge Alistair Muir of Moose Jaw, who had chaired the review committee on previous occasions since 1971, was chosen to again head the 1978 review. The review committee was composed of a chairman, a workers' representative named by the Saskatchewan Federation of Labour, and an employer representative appointed by various employer groups.

The report of the 1978 Review Committee, endorsed by both employer and employee representatives, recommended a significant change in direction in the administration of workers' compensation. The report noted that there was a genuine unfairness in the system at that time. Two workers might suffer identical injuries with an identical degree of impairment. Because of the nature of the work each performed, however one could return to work at his or her former occupation and, in effect, be better off financially because of the lifetime workers' compensation disability pension. On the other hand, the worker, unable to return to the same job because of the disability, could be forced to take a lower-paying position and suffer a major financial loss.

From this emerged the concept of an *income replacement system*, which was translated into the 1979 legislation. It involved an entirely new *two-part* concept, which would protect an injured worker against income loss as a result of the injury and also provide a recognition of permanent impairment caused by the injury.

Provision was made for maintenance of income to 75% of a worker's wages at the time of the injury, even if the worker had to accept a lower-paying job. As the second component, the worker was provided with a lump sum payment which recognized a permanent impairment as a result of the injury.

The 1979 legislation provided full income support for surviving spouses for five years, or until the youngest child reached 16 years of age. For example, if the youngest child was six years of age, benefits would continue for 10 years, and the benefits would be reviewed each year after the fifth year and adjusted in relation to the Consumer Price Index. In the event a spouse remarried, the benefits continued for two years.

In summary, the worker's wages were protected until age 65. At 65, compensation was based on lost retirement income. Real wages were protected against inflation by a cost-of-living feature and any physical impairment caused by an injury was compensated for by way of a lump sum payment.

Much credit was due to the Chairmen of the Workers' Compensation Board (Dick Fowler, Alex Taylor and Brian King) and the Commissioners representing labour and management during the 1971-82 period. They approached the job with empathy and understanding of the problems of injured workers.

To their everlasting credit also, their financial management was outstanding. While other provincial jurisdictions were piling up mountains of unfunded liabilities, the Saskatchewan Workers' Compensation Board, via employer contributions, developed a fully funded plan and, in the early 1980s, was prepared to contribute $7 million towards the construction of a new rehabilitation centre which was on the drawing board. The rehabilitation program is a vital component of the compensation system in rehabilitating injured workers in order that they may return to gainful employment.

Judge Alistair Muir also deserves to be singled out for special mention for the consecutive reviews he chaired, the leadership he provided in his reports, and his recommendations to government. His work, and that of the committee members, pointed the way for the changes mentioned above.

Pension Benefits Act 1980

Canadian workers are an extremely mobile group, and in many instances can expect to work for three or more employers during their productive earning years. One of the tragedies of our time has been the movement from job to job and, in most cases, the employee, upon

termination, would receive his own pension contribution along with a minimum of accumulated interest. This exercise might be repeated several times during the employee's working years. Too often that pension nest egg, instead of being re-invested in another pension plan or a Registered Retirement Savings Plan, was spent on other pressing needs, or a new car or holiday.

In many cases, employees would find themselves well into their 40's or 50's when they settled into their final job prior to retirement. Quite simply, there was not enough time left to establish a sufficient pension to prevent a drastic income reduction upon retirement.

At the time the amendments to *The Pension Benefits Act* were passed, there were seven people in the work force for each person on pension. Demographic projections indicated that by the year 2035 when the *baby boomers* are retired, there will be only 3 people working for each person on pension. Clearly, pension reform had become a major issue which could develop into crisis proportions if ignored. Accordingly, a number of major changes resulted. They did not go as far as one might have wished, but governments are inhibited from going too far, as voluntary private pension plans are just that. They are *elective*.

The spring Session of 1980 produced the following changes to those pension plans registered in Saskatchewan. The amendments assured that in the future each employer participating in a pension plan would be responsible for his share of any pension obligation. Also, it was required that minimum vesting arrangements be provided. In 1980 an employee, upon termination, was entitled to a deferred pension only if he or she was 45 years of age or older and had ten or more years of service.

The amendment provided for entitlement to a deferred pension when the employee's age plus years of service equalled 45. For example, a person 35 years of age, with 10 years of service, was entitled to a deferred pension at an age determined by the rules of that pension plan. It was estimated that the number of terminated employees who would become entitled to a deferred pension would be increased dramatically. It was predicted that 80% of those employees terminated after age 35 would be entitled to a deferred pension. This was a major step forward to provide pension protection for a highly mobile section of the workforce.

While it is generally assumed that employers contribute 50% or more of the value of an employee's pension, high interest rates over a number of years have drastically reduced or, in some cases, eliminated employer contributions entirely. Accordingly, an amendment was provided that an employee's contributions, plus accumulated interest, would limit the employee's liability to 50%.

A further amendment ensured that a terminated employee could transfer to another pension vehicle any contributions and earnings in excess of the 50% of his or her liability under the terms of the plan. It was also provided that all pension plans must make arrangements for a surviving spouse pension benefit to a minimum of 50% of the deceased employee's pension.

Circumstances dictated another change resulting from the fact that many pension plans did not benefit from the higher interest rates experienced during the 1970s and early 1980s. It was seen that as little as 3% was applied to employee contributions in some cases, and in extraordinary cases, a terminated employee had contributions returned with no interest at all. To add insult to injury, cases were known where the employee was charged a fee for handling that employee's money.

For this reason, the legislation established a 10-year average of the weekly yield on Government of Canada long-term bonds as the minimum rate which must be applied to members' accounts.

Another amendment eliminated any source of conflict between *The Pension Benefits Act* and *The Matrimonial Property Act*. The change provided for the assignment of pension credits by a court order in accordance with an inter-spousal contract.

The legislation also provided for the appointment of a trustee in the event of a winding-up of a pension plan or in the case of bankruptcy. Along with other amendments of a housekeeping nature, the revision represented a major step in providing the framework for what was regarded as the best pension benefits act in Canada.

Women's Issues

In 1971, the Department of Labour had a single employee who filled the role of the Women's Bureau, providing token recognition of the greater numbers of women who were entering the workforce and demanding recognition. Women rarely found their place in positions of authority in private industry, and governments at all levels were slow to respond to the fundamental changes that had taken place. Women were traditionally paid less than their male counterparts with no reason or justification offered.

The Women's Bureau attempted to educate and inform women's organizations and the public of the problems of women in the workforce, but was limited in its mandate by a lack of resources and the impossible task to be undertaken by a lone person in the Bureau. Speaking engagements and production of pertinent pieces of literature did not meet the expectations of large numbers of women.

In 1973, an amendment to *The Labour Standards Act* provided for *equal pay for similar work* which gave recognition to the fact that the injustices and discrimination against women in the workplace were to be addressed.

By 1982 the Women's Bureau had been expanded to the status of a *bona fide* division in the department, with a full-time director and assistant director, and a complement of coordinators, investigators, affirmative action officers and an expanded office staff. Staff had increased from one in 1971 to around a dozen employees in 1982.

With the enactment of the equal pay for similar work provision, the Women's Division was charged with the responsibility of investigating violations of the *equal pay* provisions. When violations were identified and a solution was not found, the Women's Division could refer the matter to the Saskatchewan Human Rights Commission for final adjudication.

The division also investigated complaints when maternity, paternity and adoption leave provisions were seen to be violated, and when an employee was unjustly dismissed because of pregnancy. Education was one of the important roles of the Division with employer and employee groups taking advantage of the services of the Division. Additionally, cases of sexual harassment in the workplace were investigated as part of the mandate of this unit. Affirmative Action Officers provided assistance to women by contacts with employers in helping in the preparation of resumes in providing counselling services.

During the later years of the 1970s and the early 1980s, an emerging awareness of women's rights began to manifest itself, with women in limited numbers being appointed to positions of greater authority. Several women became Deputy Ministers in the Blakeney government, and the Crown Corporations began to recognize the realities of the 1980s. A decade later, this may be seen as modest progress.

When the NDP left office in 1982, women's organizations and the trade union movement were actively pressing the government for an extension of *equal pay for similar work* to a full-blown adoption of the concept of *equal pay for work of equal value*.

The concept made eminently good sense, but no one at that point was able to identify in a practical administrative way how to evaluate and measure *work of equal value*, particularly when market conditions often dictated remuneration when an employee with a particular set of skills was in short supply. It was believed that remuneration did not necessarily reflect the value of work performed.

The concept, while legislated by the federal government, was largely dormant as they, too, were in a quandary with the practical application of the law. The concept of equal pay for work of equal value was still a very live issue, not yet resolved, when the NDP left office.

The Women's Division was abolished by the Conservative government of Grant Devine in April, 1983.

Construction Industry Labour Relations Act

An attempt was made to reduce the friction and animosity in the bargaining process in the construction industry. In 1979 *The Construction Industry Labour Relations Act* was passed after lengthy consultation with the construction industry and the affected trades. The *Act* provided for

province-wide trade by trade bargaining to replace the fragmented process which had engendered a multitude of labour-management problems over many years.

The *Act* prohibited the practice of *double-breasting*, a practice undertaken by many construction firms. In practical terms, a *non-union company* formed another *union company* with the same board of directors, and the same corporate management, allowing the company to bid on both union and non-union jobs with impunity.

This legislation was short-lived, being repealed by the new Conservative government following the 1982 general election.

Apprenticeship

A review of this kind would be incomplete without at least brief reference to the apprenticeship program, and the emphasis which it received during the period in question.

This initiative was designed to facilitate the development of an adequate supply of skilled labour, and at the same time, to permit workers to upgrade their skills and earn a more rewarding living. The improvement and expansion of this program made it one of the most progressive in Canada.

Additional trades were designated and mandatory apprenticeship was introduced in three additional trades at the request of labour and management.

Proposed Sickness and Accident Plan

When the NDP government left office in 1982, the Department of Labour was actively exploring an important program for the purpose of protecting the income of a worker who fell ill or was injured in a non-industrial accident. In the case of an industrial accident, income protection was provided by the workers' compensation program, and when a worker's income was interrupted by an injury related to a traffic accident, Saskatchewan Automobile Insurance offered some limited benefits.

Statistics indicated that around two hundred Saskatchewan wage earners were permanently disabled yearly as a result of sickness or an accident which occurred away from the job. If a worker was stricken with multiple sclerosis, or disabled from an accident which happened at home, that worker's income ceased, often with catastrophic results.

The Sickness and Accident Plan which was under consideration was intended to provide income replacement. Funding of such a plan had not been finalized. The government considered it reasonable to expect the plan would be financed by contributions from workers, employers and the government. Both workers and employers contended that the program, if introduced, should be funded solely by the government from general revenue.

No final judgement had been made and the matter of sickness and accident insurance was one which could be listed under the heading of unfinished business when the NDP government left office.

Conclusion

This limited summary of accomplishments and initiatives in the labour sphere was made possible through the patient, though forceful, leadership of the four Deputy Ministers of Labour during the 1971-82 period. Donald Ching, Robert Mitchell, Donald McMillan and Gary Simons are all deserving of particular thanks. The dedication of these people and their talents for interacting with organized labour and management groups made many innovative changes possible with a minimum of conflict. Additionally, their relationship with directors and staff provided for a degree of enthusiasm and loyalty which made the department the very best.

Chapter 8: The Government Tango: Communications and Coordination
Eleanor Glor

Introduction
　　This chapter discusses some of the key communications and coordination challenges of the Blakeney government: communicating with the public, pressure and client groups, and the federal government, and coordinating a large, dynamic and frequently contentious agenda.

Will You Come to the Dance with Me? Public Participation and Consultation
　　Communicating effectively with the public was an essential capacity. The Government of Canada's Clerk of the Privy Council and Secretary to the Cabinet, in her Fifth Annual Report to the Prime Minister on the Public Service of Canada (1998), described three ways of involving citizens as provision of information, greater accountability through the reporting of results, and consultation on major policy issues. The Saskatchewan government of the 1970s interacted with the public in at least half a dozen ways. The government's political agenda was developed with a good deal of input from the party; programs sought direct input from representative organizations, program users and citizens; funding was provided to facilitate participation and to empower community and advocacy groups; the public was involved in the development of several government policies through inquiries and consultations; and the Premier conducted an annual week-long bus tour.
　　Political participation. The government's 1971 platform was conceived through a politically based policy development and renewal process that represented a consensus among the members of the NDP, and to some extent represented the people of the province. This platform sustained the government through three terms in office. The process of developing the platform was chaired by Walter Smishek, a labour leader, who served in several senior Cabinet portfolios. Begun while Woodrow Lloyd was leader of the NDP, the process was completed under Allan Blakeney. A representative committee of the Party, with a membership of about 12 people, developed the platform. Input to this process was gleaned from the resolutions of the party's large annual convention, from policy statements approved by previous NDP conventions and from direct input from party members, sought in a series of province-wide party meetings.
　　This platform became the policy and program guide for the government. It was regularly reviewed for progress and referred to for guidance. Each year, the government conducted a review of achievements against the *New Deal* commitments; most senior bureaucrats in the government had a copy in their drawers, and referred to it regularly. Original copies eventually became hard to come by, as a result. The *New Deal '75*, developed for the 1975 election, was based largely on the 1971 platform, with the addition of some new items presented as resolutions at the intervening yearly party conventions.
　　Public input into government programs. The government consulted actively with formal representatives of groups, meeting yearly and speaking before the conventions, for example, of the associations of urban municipalities, rural municipalities, school boards and agriculture. While this presented an opportunity to interact, these meetings consisted primarily of a ministerial or first minister speech and announcement of the yearly grant from the provincial government to the sector. A positive reception from these powerful groups was considered a marker of the government's success. Citizens advised formally on provincial policy and programs, in a second type of input to programs. Many programs and ministers appointed advisory committees of ordinary citizens to advise them on policy issues. The Minister of Labour, for example, appointed a women's advisory committee, the Minister of Social Services a senior citizens' advisory committee, the Minister of the Environment an environmental advisory committee, and the Minister of Health a child and youth safety committee. Although there were sometimes difficulties, citizen committees for the most part provided useful advice, much of which was heeded. They provided grassroots input and helped issues move beyond what was set out in the *New Deal for People*. In a third type of direct input, committees were appointed to

advise on program needs, such as the citizen/user advisory committees to the community colleges and the employer advisory committees to the technical institutes. These committees were an inherent part of the two systems, and were welcomed and heeded by both management and employees of the schools. In a fourth type of direct input, citizen committees were appointed to run programs. All day cares were required in law to be run by boards of directors consisting of parents. Home care boards representing local communities and users likewise ran local home care programs. These volunteer boards sometimes had trouble functioning well, but the self-help and local control principles embodied in the model were for the most part well received. Public participation was very high: one author estimated 1900 people sat on provincial boards and commissions (Gruending, 1990, p. 185). Some said one in ten adults in Saskatchewan was involved in directing programs in one way or another.

Facilitating empowerment of community and disadvantaged groups. The government expedited empowerment by taking community development approaches in two government departments, the Human Resources Development Agency (HRDA) and DNS. HRDA was meant to focus on native and other disadvantaged people, but did not exist for long. In DNS, a community development group was established but soon came into conflict with the traditionally oriented managers of the department. Following these experiences, the government abandoned efforts to do community development from within. Instead, grants were provided to support community-sponsored initiatives, such as the grants by Saskatchewan Health to parent groups to run programs for their disabled children, by Social Services to community groups to run social services and community development programs, and by Health for pilot funding to native women's and senior citizens' groups to run preventive health programs for and to support their own target groups. Likewise, workers were empowered through workplace health and safety committees and an experiment in work environment boards. Most importantly, core funding was provided to the Association of Metis and Non-Status Indians (AMNSIS) and to the Federation of Saskatchewan Indians (FSI), to assist them to make their cases for aboriginal and Treaty rights, and to other advocacy groups for the poor, women, and the disabled.

Inquiries and royal commissions to develop government policy. This was an established Canadian practice, but typically a mixed success at best. Often the public and Opposition demanded consultation around controversial issues that required immediate resolution, and which therefore did not lend themselves to the two-to three-year time period usually required. In the past, when reviews had been held, their recommendations had often only been partially accepted, and advocates had rarely been satisfied. The Blakeney government used an inclusive process as a means to develop its uranium policy, with some success. The Saskatchewan government created a public inquiry to explore the broad issues and recommend a policy regarding development of a new mine. Although the NDP government was initially fairly positive toward uranium development, its further development was subjected to this public review process, the Cluff Lake (Bayda) Board of Inquiry, with refinements added through a second review, the Key Lake Board of Inquiry. These were formally environmental assessment inquiries, but had extremely comprehensive terms of reference. The scope of the Bayda Inquiry went beyond the federal government's Mackenzie Valley Pipeline Inquiry approach, which limited the review to specific proposals, to consider an entire policy area. Bayda examined whether or not Saskatchewan should be in the uranium mining business at all, and addressed the environmental, socio-economic and ethical aspects of uranium mining. The process used was inclusive. During the Bayda Inquiry numerous public hearings were held and dissenters were funded to prepare and present their cases. As well, the inquiry disseminated specially prepared digests of testimony for the use mainly of northern native stakeholders, who would be most directly affected by mining and commercialization within their traditional lands. Finally, the members of the Inquiry toured the province, appearing on radio and/or television in each of the communities they visited. The question of further uranium development received extensive media and public attention, and was thoroughly debated. It created a great deal of controversy,

especially within the New Democratic Party,[98] where it was strenuously contested. While the government's processes for addressing the uranium issue succeeded in getting public input, they failed to develop consensus about how the province should proceed. Uranium policy was not a big issue in the 1978 election, but may have been a factor in 1982.

Consultations The government conducted consultations on several issues, including the Northlands Agreement and urban native policies–these were with stakeholders, not the public at large. Federal officials remember the province being reluctant to conduct consultations on the Northlands Agreement. Native groups took the lead on the urban native consultations.

One form of consultation prominent today that was not used by the Blakeney government was direct democracy, although the Cooperative Commonwealth Federation (CCF) had promoted it. The term direct democracy is used to describe referenda, plebiscites and political recall. Direct democracy was introduced into political discourse by the Fabian movement in Britain and by the progressive movement of the late nineteenth and early twentieth century in Canada and the USA. It is used most today in Switzerland and the USA. Direct democracy was meant to create a new age of reformed and open politics and government. When the progressive movement dispersed in the early 1940s, its members joined the CCF, the Liberal Party and the Liberal-Conservative Party, which changed its name to the Progressive Conservative Party in 1942. The pros and cons of direct democracy are discussed in *The People's Mandate* (1992) by Patrick Boyer. Today, the primary proponents of direct democracy in Canada are the separatist movement in Quebec and far-right parties taking their lead from American politics, where referenda are frequently used. The balancing of issues required in representative democracy votes is not required in single-issue, yes-no votes, so direct democracy is used as a technique for promoting causes through single-issue votes. These votes tend to be highly divisive.

Premier's bus tour. The Premier did a bus tour for most of a week in the summer once a year, to make contact with the public and their issues. A combination of government and political activity, he travelled one or two regions of the province with a group of two to three of his staff, his wife and a central agency researcher. Extensive community profiles and briefing books were prepared on government programs in the dozen or so communities being visited. The Premier spoke privately with local officials. Often the local member of the legislative assembly would join the local activities. The Premier did walks down main streets, visited local farms and industries and a public meeting was held in each community, sponsored by local organizations or the NDP constituency. Substantial amounts of time were set aside at meetings for the Premier to discuss issues one-to-one with those attending. These issues were later followed up by staff and the Premier then wrote to each person who had raised an issue, providing whatever information or resolution he could. The year the Premier did not go on his bus tour, because of the constitutional negotiations, his government was defeated at the polls.

The government thus used many methods for securing public input outside of elections: it consulted with representative groups, involved citizens in making policy, consulted with them about programs, facilitated involvement, developed policy through public processes, conducted consultations, and provided direct access to the Premier. Overall, the government consulted a good deal for its time. Usually, established modes of public participation were used, although the government probably used innovative processes when it involved people in *designing policy*, not just in developing programs. As well, the government was innovative in the amount and varied types of consultation and participation it employed. Consultation was consistent with the participatory democracy traditions of western Canada, and input was demanded by Saskatchewanians. As noted by the Premier in chapter 5, however, the government was not

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[98] The chief spokesman for the opponents, Peter Prebble, later became an NDP Member of the Legislature.

particularly good at consultation, and abandoned the Premier's tour at a critical moment, when the public and the NDP was divided over the Saskatchewan position on the constitution.

Except for uranium, consultation usually occurred around government programs, not about policies such as economic development strategies or crown corporation responsibilities. Perhaps because of this consultative and participative approach, government program innovations were generally better accepted by the public than its economic strategies, usually conducted outside the Consolidated Fund. The government programs that were less well accepted, for example, Land Bank, also were economic and did not involve consultative processes. It was around its reliance on crown corporations, where consultation did not occur, and their perceived development into large corporations like any other, that the Blakeney government was most criticized by the Opposition and the people of the province. This, and the perception that the government was rich but not making this wealth available to a general public whose economic situation was worsening, probably defeated the government. By the end of its term, the government was no longer involved in new program planning, nor actively seeking public input, but was focussed on court and constitutional challenges, its crown corporation strategies, and paying for the initiatives already begun. It was accurately accused of being out of touch and out of tune with the people of Saskatchewan.

Creating Dance Cards: Client and Interest Groups

While forging appropriate links with the federal government and with outside groups through consultation was essential to financial and program success, receiving input, giving feedback and working with the government's target groups and the province's interest groups[99] were also essential components of managing government and introducing innovation. This is in large part a political function and, within the civil service, is typically dealt with by line agencies.

The major client groups of the government were aboriginal people, small farmers and labour. The first client group, aboriginal organizations, were not popular with the public in Saskatchewan in the 1970s, though the NDP membership was more positive. As former Premier Blakeney has said, "Saskatchewan was a rural, conservative and somewhat racist province in the 1970s. Polling showed that programs aimed at assisting people of native origin and single-parent families were not popular. We tried to shape these programs so as to attract the least public opposition. I'm not sure we succeeded." (Blakeney and Borins, 1992, p. 47) Likewise, aboriginal groups did not trust the government. The Metis organizations, in particular, were actively hostile toward the government in its early years, and conducted demonstrations and sit-ins against it. They were firm supporters by the end. The large aboriginal population of about 10% of the provincial population and growing, meant aboriginal people deserved attention. The development during the 1970s of an aboriginal leadership that sought to give form and substance to aboriginal people and organizations also meant they potentially had political power, especially in certain constituencies. The aboriginal population was concentrated in NDP ridings.

The government tried a number of approaches in dealing with aboriginal issues. It inherited an Indian and Metis Affairs department in 1971, but the FSI was opposed to a separate department, and it was abolished. The Metis Society, in turn, disliked programs specifically focussed on Metis people, so HRDA was created, with a mandate related to disadvantaged persons. Separate ministers were given responsibility for land entitlement issues, Status Indians, northern and Metis issues. The government developed programming for rural, non-reserve,

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[99] *Client groups* is used in the sense of target groups, groups the government is trying actively to serve. *Interest groups* are powerful groups which must be dealt with, though the government does not initially have intentions of providing them additional levels of support. Perhaps the main distinction between the two is that work with client groups is largely cooperative, while that with interest groups has an element of resistance on one hand and antagonism on the other.

mostly Metis and non-status people, through the federal/provincial Special ARDA program. In its later years, it developed a special initiative for urban-based aboriginal people, by following the lead of aboriginal groups and leaders. It created a special Cabinet Committee and Secretariat on Social Policy under the leadership of Walter Smishek as Minister and Don Moroz as Deputy, officials unscarred by previous battles. Funding was provided to aboriginal groups to support their issues.[100] The new start was successful in aiding the development of aboriginal organizations and social and economic development programs. One measure of the success of these programs can be found in the fact that the Status Indian leadership shifted its political allegiance in the 1982 election, but Status Indian voters and Metis and non-status Indians and their leaders, the government's most strident critics in earlier years, supported the government.[101]

Two other important target groups were small farmers and labour. During the 1930s, the western independent labour movement had amalgamated with the farmers' movement to form the Farmer Labour Party, centred in Winnipeg and Regina. Their members formed a core component of the CCF. When the CCF amalgamated with the labour movement to form the NDP in 1961, the Saskatchewan CCF resisted the amalgamation, keeping the name CCF provincially for six additional years. Many Saskatchewan CCFers remained uncommitted to the new party in the early 1970s, seeing it as giving too predominant a role to labour, and instead retained their joint commitment to both labour and farmers. The political marriage of farmers and labour with the CCF/NDP remained firm in Saskatchewan, and the government's platform included both rural and labour reforms.

Farmers were a crucial client group for any government in Saskatchewan, with its large farm population: in 1971, 25% of the Saskatchewan population lived on 76,970 farms (Statistics Canada, 1992). The government developed many new programs to support farmers, and other new programs to support rural communities. Programming emphasized supporting and maintaining the viability of the family farm. Small and family farmers traditionally supported the NDP government; large grain farmers initially gave some support to the NDP but, by the later years of the Blakeney government, were again more likely to support the Progressive Conservatives, as they had begun doing federally during the Diefenbaker years (1958-63). While conditions were good, large farmers came to focus less on the economic forces, which affected them and more on their role as independent entrepreneurs or business people (Baum, 1980, pp.32-33). While many programs helped both types of farmer, most farmers supported the Conservative Party by 1982.

The government actively supported labour, another major client group, by introducing improved labour standards, higher minimum wages, equal pay for similar work, innovative labour negotiations, a new income-replacement basis for compensation under the workers' compensation program, workers' advocates, and a new occupational health and safety program. Despite its efforts to support labour, in its later years the government suffered two major strikes. These were by its civil servants who were members of the Saskatchewan Government Employees Union (SGEU) in 1979 and then, just before the 1982 election, a strike by and subsequent passing of back-to-work legislation against non-medical members of the Canadian Union of Public Employees (CUPE) who were bargaining with the Saskatchewan Hospital Association. Memories of both were fresh in the public eye, but labour, including the membership of these

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[100] Status Indians were a federal responsibility if they lived on reserve. The federal government asserted they were a provincial responsibility once they had lived off reserve for one year, the province and status Indian organizations argued that they remained a federal responsibility on an ongoing basis.

[101] Source for assessments of political support in this chapter is Bill Knight, who was Premier Blakeney's chief political lieutenant during the 1982 election. Telephone interview, May 2, 1993.

unions, supported the government during the 1982 election.[102] A recent study (Blais, Blake and Dion, 1997) found a similar result. Parties of the left treat their employees better and value their employees more than conservative governments do, unless they perceive that the public good is at risk. For example, when parties of the left were forced to choose between restraint in wages and restraint in employment, they chose wage restraint.

While client groups were generally well served, relations with Saskatchewan's interest groups were more patchy. The primary interest groups were cooperatives, the small business community, large businesses, large farmers and the NDP.

Cooperatives were an uncommon interest group (only Quebec and PEI also had substantial cooperative sectors). The CCF/NDP had traditionally supported cooperatives (Premier Blakeney still bought his suits at "the co-op"). Cooperatives played a major role in the Saskatchewan economy, especially the Saskatchewan Wheat Pool, which was the largest business in the province. Because of this, unlike most provinces, the government maintained a Department of Cooperatives and Cooperative Development. Relations with the cooperatives were not completely comfortable, however, during the Blakeney government. They had matured into rather traditional businesses, and cooperative management wanted to be accepted by their private sector counterparts as full members of the business community. Consequently, they no longer considered themselves part of a social and political movement. New Democrats believed in coops, but not all of those who believed in coops were New Democrats. The natural links with the government were tenuous as a result; relations were cordial, but not warm. This had been true as well during the Douglas years.[103]

The small business community represented a second interest group: Small and large business were two distinct communities in Saskatchewan. The government worked actively with the small business community through its programs in the Department of Industry and Commerce and through special programs such as Operation Mainstreet and its three city-centre development projects. Large commercial enterprises, on the other hand, typically served Saskatchewan from regional centres located outside the province. A few large companies, such as the Cargill Grain Company, had moved into Saskatchewan. The most active relations with big business during the Blakeney government concerned resource development. These relations were for the most part cordial and mutually beneficial, as in the development of uranium. The exception was, of course, potash, where relations were conflictual, and where the government ultimately took control of the industry.

Large farmers were another Saskatchewan interest group. They were not a major emphasis as such in the Blakeney government, especially incorporated grain farmers, after the first term. Large grain farmers and ranchers did very well during those years, since prices were good, but they considered themselves business people, and many allied themselves politically with the Conservative party. They opposed some of the government's key programs for farmers, such as Land Bank and beef marketing boards; relations were therefore cool at times. By the 1982 election, they had become major opponents of the government to which Grant Devine's Conservatives appealed directly and effectively.

Although it was not precisely a client or a pressure group, the NDP made demands of the government as well. Like a pressure group, the party presented and argued for a package of policies, albeit these policies were largely acceptable to the government members. Relations with the party were not a civil service function, they were handled by the political arm of the government. Initially, due to the *New Deal* platform and having been out of power for seven years, there was a good match between thinking in the party and the government. Over time, the government and party lost touch to some extent, and uranium became a divisive issue in the late 70s. The split between the federal and provincial parties over the constitution in the early 80s

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[102] Source: Bill Knight, former Executive Assistant to Premier Blakeney
[103] Sources: Tommy McLeod and Bill Knight

also served to reduce the morale of the party, although Saskatchewan members of parliament and the provincial party were congruent in their positions. By 1982, the NDP was fully united in its support for the government, but it had exercised a great deal of self-control while it was in power, and no longer felt the dynamism nor served as a well of creative ideas for the government. As so many long-term governments do, the government turned to its bureaucrats rather than its party for ideas in the 1982 election.[104]

Friends or Rivals? Federal-Provincial Relations
Federal-provincial relations were characterized by both cooperation and confrontation during the Blakeney years. The federal government was a mentor but also an antagonist to the Saskatchewan government. This section will examine six aspects of federal-provincial communication: coordination with federal ministries, federal-provincial agreements, federal-provincial committees, creation of the provincial Department of Inter-governmental Affairs, joint consultative processes, court challenges involving the federal government, and negotiations leading to repatriation of the constitution.

During its early years the Blakeney government followed the pattern of federal-provincial cooperation set by the Douglas government. Activities were coordinated, ministers met, processes were cooperative. Inter-governmental coordination was sought with the federal government. The Saskatchewan government worked most actively with the Ministry of State for Social Development (MSSD), which did not have a regional structure, and the Department of Regional Economic Expansion (DREE), which did.[105] In this era of joint federal-provincial funding of programs through formal agreements, the Saskatchewan government pro actively sought funding to fulfil its policies. Saskatchewan monitored what other provinces had achieved through their agreements; at times, it prepared and tabled with the federal government the outline of draft agreements. Federal-provincial agreements negotiated during this time included Agriculture, Agricultural Rehabilitation and Development (ARDA), Special ARDA (for rural natives), Mining, Planning, and Northlands. The Saskatchewan government failed to secure agreements on the Saskatchewan Indian Federated College, Grasslands Park and Urban natives. To their credit, a number of federal public servants made an effort to support the innovative initiatives being proposed by the Saskatchewan government.

This cooperation among bureaucrats reflected that of ministers: after their poor showing in the 1972 election in the West, the Trudeau Liberals attempted to develop better relations with western governments and citizens. Some formal mechanisms were created; for example, the federal and provincial ministers responsible for economic development in Saskatchewan met once a year. Officials formed an informal parallel council on economic development and another on manpower issues.

Joint consultative processes were used by the federal and provincial governments in some cases. In developing the Northlands Agreement, for example, the federal and provincial governments received joint input from the Northern Municipal Council, the Trappers' Association, and communities in the North through community meetings. Special ARDA, a development program for rural, non-reserve aboriginal people, was developed through consultation as well. In the case of the Northlands Agreement, public participation led to creation of a comprehensive agreement for northern development, and in the case of Special ARDA to inclusion of aboriginal people in assessment of projects for funding and in the evaluation process at the end of the Agreement. The Mining and Forestry agreements did not include joint consultative processes. The primary provincial actors in these negotiations were line departments, not central agencies. Federal government officials promoted consultative processes more than the Saskatchewan officials did.

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[104] Discussion with Bill Knight, May 2, 1993.
[105] Its Saskatchewan Director-General was Dick Lane.

In the mid-1970s, the character of relations between Saskatchewan and Canada changed. This shift began with federal attempts to secure revenue from the increases in oil prices in 1973-74, continuing with the loss of equalization payments, as Saskatchewan became a *have* province, and reinforced by introduction of Established Programs Financing (EPF), which reduced federal payments for provincial programs, the Saskatchewan government was forced to defend its federal revenues on several fronts. Likewise, it faced constant resistance to its economic development strategy from both the private sector and the federal government. Relations became much worse when Saskatchewan was challenged in the courts in two key areas, resource taxation and potash taxes and pro-rationing. Abandoning its previous position, the Canadian government participated in both cases, on the side of the companies, and as a co-plaintiff[106] in the Central Canada Potash Case. The Supreme Court of Canada ruled against Saskatchewan in both decisions,[107] in 1977 and 1978.

The Blakeney years ended in a period of confrontation with the federal government over repatriation of the constitution, that absorbed Blakeney and Roy Romanow, his minister responsible for constitutional negotiations, almost completely during 1979-81. Saskatchewan played a key role in the constitutional negotiations leading up to repatriation in 1982, in opposition to several federal proposals. Saskatchewan fought both for aboriginal and treaty rights for Indians and Metis and against an imposed federal constitutional Bill of Rights whose primary appeal was to the courts rather than through political accountability. The Saskatchewan NDP split from the federal NDP on this issue, with the provincial party and government favouring specific provincial powers. The government gave priority to this fractious nation- and constitution-building process, but the battle did not pay a political dividend at home (Romanow *et al.*, 1984). To deal with the increasing workload related to constitutional discussions and (secondarily) federal challenges to resource policy, Saskatchewan created a Department of Inter-governmental Affairs in 1979. This central agency of about 20 people coordinated and managed the government's inter-governmental, international and constitutional affairs (Leeson, 1987).

Relations with the federal government were manifold and variable during the Blakeney years. While the Saskatchewan government became a force to be reckoned with in many areas, it also lost several key debates–in the courts regarding resource revenues and in the constitution. A good deal of this was recouped by the changes to the Constitution enacted in 1982, including the new Section 91A.

Who Leads? Internal Coordination

While communication with the federal government, the public, client and interest groups was essential, effective internal coordination was also crucial. Coordination of activities was vital for this innovative government, because so many new initiatives were being implemented at once, especially after the first few years, as innovations moved out of the planning and approval stage into the implementation and evaluation stages. Both structural and personal mechanisms and processes to assure internal coordination were used.

At the institutional level, coordination was often achieved through efforts of the Treasury Board and its staff. Actively involved with both departments and central agencies, and implicated in both fiscal and program planning, Treasury Board staff were uniquely placed to identify and act on horizontal issues. Some processes of policy review helped assure effective coordination within the government. Both vertical and horizontal expenditure review were done in some areas, such as regional development and native issues. In vertical review, the government analysed federal expenditure as well as provincial expenditure on an issue, and

[106] This was the first time the federal government had ever participated as a co-plaintiff in a court case against a province (Leeson, 1987, p. 409).

[107] Canadian Industrial Gas and Oil (CIGOL) vs. the Government of Saskatchewan and Central Canada Potash vs. the Government of Saskatchewan

worked actively with the federal government to address issues. Horizontal review involved looking at issues across the provincial government, and was supported by the Treasury Board, the Planning Committee and, in a minor role, the Legislative Review Committee.

Premier Blakeney used several personal strategies to assure effective coordination in the government. He repeatedly made the point to his ministers and deputy ministers that there was no overall coordinating mechanism in the government, and that it was therefore their responsibility to do it. Coordination was to be done before issues came to Cabinet, not at the Cabinet table, or thereafter, he emphasized. The Premier used two other personal coordinating techniques. He kept open direct channels with deputy ministers, particularly where coordination was needed. As well, in cases where he found ministers disagreeing, he would ask, "Have your deputies discussed this issue and sorted it out?" If the answer was "no," as it inevitably was, ministers were asked to assure it happened. In extreme cases of disagreement, the deputies involved would be asked to write the Premier a memo, explaining how they had resolved the issue, or if they had not, explaining why and the basis for disagreement. This created very effective pressure for achieving consensus.[108] An instance of this approach failing is described in chapter 4.

While an innovative government must effectively coordinate its activities, coordination has to be balanced with empowerment if a government is to create ongoing innovation. Premier Blakeney generated this balance in part through his emphasis on the responsibility of the deputy ministers. While he relied on the central agencies for coordination, he saw most of the substantive role resting with the line departments (Blakeney. and Borins, 1998).

These personal and institutional mechanisms were employed by the Saskatchewan government for assuring internal coordination. No memorable problems arose; internal coordination was quite successful.

Conclusion: Will You Come Again?
In many ways the government's internal communication and coordination were more effective than its external communication with the public, client and interest groups. Most public servants felt comfortable with the government's agenda, and generally worked well, effectively and cooperatively with each other. Exterior communication worked well as long as the Premier made it a primary focus. When he became absorbed in the constitutional negotiations and dropped his bus tour, his ministers and the public service found themselves at loose ends. They had come to rely on the Premier's leadership without realizing that they had done so. It was, moreover, difficult to interest the public in the government's issues. The public was occupied with interest rates and debt, not the constitution. The government lost its connection with its public.

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[108] Wes Bolstad, personal interview, May 1993.

Section III: How *Should* the Innovation Process Be Understood?

What is Innovation?

The innovation process has been examined several different ways by the authors of this book. If two sides of a triangle have been the central and line agency strategies for approaching innovation, the third side is an analysis of those changes.

In this section of *Is Innovation a Question of Will or Circumstance?*, the cube is turned to examine innovation along Wilson's (1992) dimension of voluntarism-implementation and determinism-process. In chapter 9, innovation is considered as voluntarism, as something that can be planned, and in Chapter 10, as determinism and a trait of government. Chapter 9 examines innovation as a question of implementation. These chapters do not provide an exhaustive examination, but offer a view of the innovation process in the Saskatchewan government from each perspective. The Conclusion then considers whether Wilson's dimensions are a useful and illuminating way to describe, analyze and understand innovation.

One of the advantages of using several approaches is the different perspectives revealed. Another advantage is that opportunities are created to compare the approaches and to determine which if any approach is superior, and in which circumstances.

Chapter 9: Voluntarism: Innovation in Saskatchewan as Planning and Implementation
Eleanor Glor

Introduction

The dimension of voluntarism–determinism conceives of the innovation process at one end as something that can be controlled and at the other as something that is determined primarily by other forces, mostly outside the control of public servants. Voluntarism is reflected as planned change and implementation at the organizational level. Based on Wilson's (1992) approach to these concepts as outlined in the Introduction, chapter 9 examines the evidence for innovation as planning and implementation in the Blakeney government.

Voluntarism: Directed Innovation

Voluntarism has many aspects, all of which emphasize the control that elected and appointed officials have and can exercise over what happens in government. Most of the literature taking a voluntaristic approach is based on case studies, the dominant approach to the study of innovation since the 1980s. Alan Blakeney and Sandford Borins' book on management[109] of the Blakeney government takes a voluntary approach (Blakeney and Borins, 1992 and 1998). So for the most part do Glor (1997a) and Borins (1998). This chapter appraises the role of stakeholders, bureaucratic attitudes, resources, coordination and results from a voluntaristic perspective. Chapters 1, 2 and 3 of this book identify the need for deliberate changes in the culture of the government–they take voluntary approaches. Likewise, Chapter 6 on Saskatchewan Transportation and chapter 8 on labour describe innovation as strategically planned. Glor (1997a) identified the policy innovations of the Saskatchewan government primarily as systematically planned phenomena. In the same light, the processes that are discussed in *Innovation: Will or Circumstance* can be regarded as created administrative innovations and practices, brought into being through will.

Planning and Implementing Innovation in Saskatchewan

In 1971, the Government of Saskatchewan faced the management challenges of a new government taking a novel direction–administrative obstacles and a lack of public service capacities and competencies to deal with them.

Based on the Saskatchewan experience, Glor defined the stages of the innovation process as readiness, negotiating approval, effective implementation, a focus on results, and learning (Glor, 1998a: 330). This process requires particular capacities and competencies, and different ones at each stage.

Capacities and Competencies

To identify the planning and implementation process in the Blakeney government, each of the chapters in Sections I and II was examined in detail as a process. Consistent patterns were revealed that identified the problems faced, solutions chosen, results achieved, processes followed and skills needed.

Problems. A government with a large change agenda faces formidable problems–Alan Blakeney's particularly, because Blakeney's government was bounded by a social justice ethic. As the Blakeney government came to power, it faced, using Murray Wallace's unforgettable description, a largely rusty and demoralized public service that was fundamentally resistant to change. The province's economic situation was poor and Saskatchewan's staples-based economy could be counted on to produce considerable variability in revenues from year to year. To deliver on the government's promises, new human and financial resources were needed. The

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[109] The popularity of the word *management* grows out of voluntarism.

budget was balanced, but the budget process was incapable of sound resource allocation, focussing on the issues in the wrong way and could not support the policy and program changes to be made. New systems for policy planning and financial management were needed. A government-wide management information system was required to manage such a comprehensive and complex agenda, but none existed. Effective horizontal and departmental coordination was needed, but could not be allowed to destroy departmental initiative. The crown corporation sector needed major systemic changes, and new crowns were required to fulfill the government's platform promises. While a general mandate for the agenda had been secured through the election, how could one be maintained for specific initiatives and retained for the comprehensive agenda? How could the public be engaged on an on-going basis? Could client and interest groups be kept on-side? How could the province develop some control over its boom-bust economy and revenues? Could the disadvantaged be brought into the government's economic agenda in an effective, developmental manner? How could federal government and national support and funding be secured?

Although these problems and challenges were not all unique to an innovative government, the Blakeney government needed to renew and modernize the government at the same time that it wished to introduce a major change agenda that required first rate public administration. This combination of problems created a more complex and difficult challenge than most new governments confront, and that an innovative government faces more than others.

Solutions, Results, Processes and Skills. The government faced many and complex challenges. The government dealt with its public service problems by motivating and supporting existing staff, and hiring new staff. It created a culture of excellence by appealing to professionalism, modernization and a tradition of good government, and supported its staff by offering paid educational leave and, most importantly, by respecting public servants and taking their ideas seriously.

While the budget was balanced and the province had little debt when the NDP came into power, the government's financial resources were minimal–it had the lowest expenditures and revenues per capita in the country. Introduction of new programs required strategies for creating extra revenues, involving both economic expansion and increased taxes. The government addressed the poor economy through equity investments in the Saskatchewan economy. Resources were developed quickly, new crown corporations were created to invest in, own, manage, produce and sell resources. Crowns were actively managed and new institutions were created.

Taxes on resources were held back for further investment. Government became a more substantial actor in the economy of the province, and thereby gained some control over the economic development of the province. Resource prices increased and economic activity expanded rapidly. Although taxes grew during the government's term, so did incomes, and increased economic activity and government participation in the economy also produced large increases in revenues. New budgeting processes were introduced–long-term fiscal accounting and a program budgeting information system. An active program and policy analysis function was created. Line managers were allowed to manage while remaining accountable to cabinet. New central cabinet-based planning processes and structures created a shared agenda and maintained control and accountability. The budget remained balanced and all debt was self-liquidating. At the same time government finances were made more transparent.

While management and processes were modernized, changes were generally introduced through incremental steps. Although the NDP had identified nationalization of potash as a goal in its platform??, the takeover of 40% of the potash industry by the province was a strategic rather than an ideological decision. The government's objective was to increase its economic rents, to ensure industry growth to meet growing world demand, and to bring about stability in an industry where Saskatchewan had 40% of world reserves and 40% of world trade (Laux and Molot, 1978), but received very little revenue from them, because of concessions made by

previous CCF and Liberal governments.[110] Due to a resistant, American-dominated industry and federal government, purchase, through nationalization if necessary, became the only option the government perceived to be open to it to achieve its goal. The 72-step process pursued (chapter 4) demonstrates the government's tenacious efforts to find incremental solutions up to 1975, when policy changed.

In the north as well (chapter 5), local organizations had identified transformational goals of power- and revenue-sharing. Despite initial support from cabinet for this approach, the decision to create a single agency to serve the north finessed the political objectives. The shortage of front-line staff with consultative and developmental skills and the lack of inclusive, strategic processes assured incremental change. The Department of Highways, a ministry with a straight-forward operational mandate, also performed incrementally but in a responsive and creative manner. It succeeded, as a result, in responding to long-standing complaints from suppliers, ecologists, those concerned about heritage and vehicle drivers. A cool, logical, strategy and an incremental approach marked the processes of the Blakeney government.

Across the government, departments consulted and introduced new policies and programs. Horizontal and vertical coordination was carried out. Additional sources of funding were sought, especially from the federal government. At the same time, ongoing support was needed from the public as a whole, client groups and interest groups. Many consultative processes were used, especially at the beginning of the government when the pace of change was fastest. As interest rates skyrocketed in the early 1980s, life became harder for many of these groups, and the government's support faded. While results were usually good, eventually they were not good enough.

The skills that were required to bring about this change were similar across functions and departments leadership and human development skills; interpersonal, listening and communication capability; values such as a commitment to equity, openness to change, flexibility and tenacity; clear objectives and a sense of balance; policy, research, program planning, implementation and evaluation ability; financial planning, control and disclosure capacity; technical skills such as legal, economic and resource-specific ones; management and coordination expertise; a long-term perspective; political skills; creativity, problem-solving, integrative capability, adeptness at lateral thinking; and teamwork and cooperation; negotiating, tactical, conflict resolution, and in-fighting ability.

Together, these public administration problems faced, solutions adopted, processes chosen, skills developed, and results achieved paint a picture of the processes of an innovative government. Most of the processes were not unique to an innovative government, but the Saskatchewan government was perhaps better organized, more flexible and more creative than most. It also had more will. And, it was smaller than many. While most of these processes were successful, nevertheless some of the required will and skills were not developed as quickly or effectively as was needed, especially the consultation and communication skills.

Creating the Innovations Needed: Cases of Saskatchewan Administrative Innovation

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[110] Although Laux and Molot ascribe the lack of revenues from potash to the CCF as well as the Liberals, John Burton, who was directly involved, indicated that: "The CCF government did guarantee royalty rates to 1981 for the two companies that overcame the water problem in the mines. Later, they extended it to all other new mines to 1974. Thatcher's Liberal government was so anxious to get development that they extended these low royalties to 1981 to all companies that commenced development and threatened to deny this guarantee if they didn't commence by an unspecified date 'soon'. The consequence was that an oversupply developed when all of these mines came on stream which led to the crisis in 1969." Email to the author dated September 23, 1998

To develop the effective processes and skills that were key to the Blakeney government's success in implementing a major change agenda, the government developed or discovered new methods for responding to its challenges. From 1971-82, the Saskatchewan government developed or was an early adopter of 34 new processes in seven areas. The cases of administrative innovation in the Blakeney government, as identified by the authors of this book are summarized in Table 1. Many of the innovations were important to the success of the change agenda.

The Blakeney government was singular during the 1970s with the magnitude of change implied by its political platform and the comprehensiveness of its program. It faced a major planning and implementation challenge.

Table 1: Saskatchewan Government Process Innovations, 1971-82

Innovation	1st	2nd	3rd
Planning Innovations			
1.Comprehensive innovation program	Sask New Deal 1971	Canada Red Book 1993	Ontario Common Sense Rev. 1995
2.Almost all line departments given planning capacity	Sask 1975	Canada 1994	
Enhanced Government Financial Management, Control and Disclosure			
3.First *Heritage Fund*, the Energy and Resource Fund 1973, Heritage Fund 1978	Sask 1973	Alberta 1976	Sask 1978
4. Long Term Fiscal Accounting	Sask		
5. Program-based management information system, with results component (PMIS) (USA Dpt of Defense 1963, Government of USA 1968)	Ont 1968	Canada 1969-70***	Sask 1973
6. Balance budget during 1970s	Alta	Sask	
7.Forecast revenues by building personal income tax model	Ont	Sask (better)	
8. Forecast economic activity by building macroeconomic model	Sask Inadequate	Canada Only good model	
9.First currency swap (derivative) transactions by anyone in Canada, government or private sector, and among the first by anyone in any market.	Sask		
10. Comprehensive disclosure of financial dealings of government	Canada	Sask	
Pension Management Innovations			
11.Tackle public sector unfunded liabilities (superannuation, WCB)	Sask 1977	none	
12.Create a fully funded public service superannuation plan (public service, teachers, SaskPower, SaskTel)	Sask 1977	Canada 2003	
13.Change public pensions from defined-benefit to money-purchase plans	Sask		
14.Invest pensions in money markets.	Sask	Canada 2000	
15.Shift WCB from compensation for injury to compensation for lost income	Sask		
Service Delivery Mechanisms			
16.Leverage other programs/create partnerships (e.g., Land Bank and Community Colleges)*	Sask		

17.Health and safety regulation carried out through the workplace	BC	Sask	
18.Control costs of drugs through bulk purchasing for the whole province	Canada	Sask	
19.Offer welfare recipients the opportunity to work in short-term, developmental projects	Sask	Canada/ New Brunswick	
20. **Community colleges without capital facilities or permanent staff	Sask		
21.Offer citizens opportunity to invest in the province: Saskatchewan Development Fund	Sask June 1974		
Alternate Service Delivery (Crown Corporation Innovations)			
22.**Create holding company to hold the equity of (almost) all crown corporations	Sask		
23. Standardize fiscal periods in the crown corporation sector	Sask		
24. Publish consolidated financial statement for full crown corporation sector	Sask		
25.Advertising campaign for crown corporation sector	Sask		
Innovative Processes			
26.Produce transcripts in plain language for environmental review	Sask		
Service Coordination			
27.Comprehensive approach to children	Sask	Canada 1990s	
28.Comprehensive approach to Indians and Metis	Sask		
29.**One-stop entry into all provincial government (esp. regulatory) requirements for development projects (interdepartmental committee)	Sask		
*30.**Organize a single agency to deliver almost all programs in the north	Canada	Man	Sask
Human Resource Innovations			
31.**Non-government employment equity program (for Indians and Metis) (Cluff Lake)	Sask		
32.Appoint female deputy minister	Ont	Sask	
33.Establish an Executive Development Program	Canada	Sask	
34.Monitor and develop strategy for collective bargaining throughout the public sector	Sask		

* Described in *Policy Innovation in the Saskatchewan Public Sector, 1971-82.*
** Also considered policy innovations.
Note: It is difficult to be certain which governments introduce innovations in what order. If readers have any information to add, please contact the author through the publisher.
*** According to Gow, announced in 1969 for implementation in 1970.

Planning Innovations
Like the Saskatchewan CCF and NDP governments of the 1940s to the 1960s, and the 1970s, the federal and Ontario governments had well-developed central agency planning structures by the 1970s. Because the previous Liberal government had down-played planning capacity, the Blakeney government had to recreate its planning capacity. Few other governments created strong line department planning capacity. Although the Blakeney government's central

agencies planned several of the government's major new initiatives in their early stages, every innovation was eventually turned over to a line department to complete planning and undertake implementation. These departments therefore had to create planning, development and implementation capability. Most departments, including Health, Social Services and Urban Affairs created separate planning and research units. The Department of Social Services later experimented with decentralizing planning functions to operational units, but without great success: the positions were absorbed into the urgency of day-to-day program delivery.

Enhanced Financial Management, Control and Disclosure

Unlike most other Canadian governments of the 1970s, the Saskatchewan government insisted on balancing its budget, and was prepared to raise taxes if necessary to do so. Better financial disclosure, control and management were necessary and were supported by eight innovations, more than in any other area. The Saskatchewan government had a balanced budget during the 1970s, when only Alberta, with vastly more oil and gas revenues, was doing the same. Introduction of the first *Heritage Fund* allowed the government to smooth out revenues over boom and bust years (Chapter 2). Long-term fiscal accounting (Chapter 1) centred government accounts on more than a yearly basis. The Heritage Fund and long-term accounting addressed several governmental accounting and budgeting weaknesses. They produced a more balanced presentation of the natural deficit and surplus cycle that government budgets not in chronic deficit follow, in tandem with the economic cycle. A government with balanced budgets (over the economic cycle) could thus be permitted to run annual deficits and surpluses which were mildly counter-cyclical rather than reinforcing the economic cycle by keeping to the exigencies of a yearly balanced budget. Accrual accounting for government are meant to deal with some of the same problems.

More and better information was produced through introduction of an initially voluntary and later government-wide, program-based, results-focussed, management information system with an evaluation component, PMIS. A Massachusetts innovation, it concentrated on strengthening management and control by line managers rather than enhancing central command and control (Chapter 1).

For the first time, a Canadian government forecast its economic activity by building computer-based models. The Planning Bureau in Executive Council built the model of the Saskatchewan economy. While first, the macroeconomic model of the province did not work very well, due to data limitations. Tax and Fiscal Policy in the Department of Finance built a model of the personal income tax system. While Ontario had a personal tax model before Saskatchewan, Saskatchewan's model was better at predicting revenues.

Like other governments, beginning in the late 1960s, and coming into its own during the Blakeney government, debt for the crown corporations and lending to cover the costs of the early months of the fiscal year for the government were actively managed. While international borrowing was not unusual, Saskatchewan arranged two Swiss franc bond issues in 1982 that were swapped for US dollars. These were the first currency swap (derivative) transactions by anyone in Canada, government or private sector and among the first by anyone in any market (chapter 2).

Comprehensive disclosure of the financial dealings of the government was an objective of the government (chapter 2). Disclosure had earlier been enhanced by the Canadian government with introduction of Part III of the Estimates, departmental-level reports on activities and plans. The Saskatchewan efforts focussed on better global reporting of government and Crown corporation activities and use of resources. Loans, tax expenditures and crown corporation activities were reported. To this day, governments rarely report tax expenditures. An annual report on the crown corporations and another on the Heritage Fund were produced. Net budgetting was replaced with gross budgetting, thus revealing the true costs of subsidized programs, in particular those cost-shared with the federal government. A more complete forecast of revenues and a profile of the economy was included with each budget. Together they painted

a much more complete picture of the government's dealings. Although not required by legislation, the provincial auditor was asked to review crown corporations, CIC and the Heritage Fund, as well as the Consolidated Fund.

Pension Management Innovations

The Saskatchewan government confronted its unfunded pension commitments–under the Workers' Compensation Fund and under the public service, teachers' and utilities' pension funds. The province changed compensation under the Workers' Compensation Fund from specific payments for specific injuries, as insurance companies provided, to payment for lost income, and limited the commitment to widows and widowers without dependents who remarried to two years instead of lifetime compensation. This latter change, which represented a significant loss to spouses, especially widows, was adopted by all provinces within a few years. A court action in 1999 in Saskatchewan sought to reverse this action. The changes to the pension plan had two unique characteristics. First, both employee and employer contributions were deposited in a fund which was invested in the money markets, with all interest going to the fund. Saskatchewan adopted this innovation in 1977; the Government of Canada did so for the Canada Pension Plan in 1998, effective 2000. Second, all the public sector pension funds were converted from traditional defined-benefit to money-purchase plans. The advantage to the government was that the fund was pay-as-you-go and so, although the government's contribution had to be paid out front, its commitment was known, fulfilled, and limited. This shifted the future liability from the government to employees. It was a huge step that has had a significant impact on Saskatchewan's long-term balance sheet and fiscal health. No other provincial government has done this or even tried to do it since.

Service Delivery Mechanisms

A number of new service delivery models were developed. The notion of leveraging other government programs and creating partnerships to support government programs was introduced.

Workplace health and safety was augmented through introduction of a new model, joint employer-employee workplace health and safety committees. Health and safety issues were identified and dealt with in the workplace, with the department acting as a negotiating and scientific resource to the committees. The provincial government provided laboratory services and loaned specialized scientific equipment to the committees. Combined with the right to refuse unsafe work, this model empowered both employer and employee, but especially employees. (Sass, 1997: 150-166)

Another new service delivery model was the province's strategy for controlling the cost of drugs through bulk buying for the entire province. The Government of Canada had initiated bulk buying for the limited federal and provincial drug programs, that funded drugs for Status Indians and those on welfare, during the 1960s, but the federal government had dropped its program by the early 1970s. The Saskatchewan program was much more global.

A fourth new delivery mode was the introduction of a developmental work program for those on welfare. Unlike the Poor Houses of Victorian England or the work for welfare program of the Government of Ontario, this voluntary program offered participants a large range of support to help them participate in the workforce. (Stewart and Flynn, 1997)

A fifth example of a new service model was the way Saskatchewan developed its community colleges. They were community organizations, developed with the assistance of provincially-employed program development staff. No capital funds were provided; rather, they rented facilities in the local community, and programming was established and largely contracted for by community boards (Walker, 1997), who employed community experts to deliver the programming. The model was somewhat like the Literacy New Brunswick model, but funding was provided for rental space in Saskatchewan.

A new financial services delivery model was created. The Saskatchewan Development Fund was a mutual fund in which Saskatchewanians could invest. This fund increased the funds available for purchase of Saskatchewan government bonds and Treasury bills and also provided some funding for Saskatchewan-based corporations.

The government served the interested public in a new way when it held the Bayda Inquiry in the late 1970s. The inquiry facilitated participation by northerners by holding hearings in the North, as the federal government's Northern Pipeline Inquiry had done. It added the feature of the production of summaries of the proceedings in order to assist the public, including northerners, to follow the debates.

Alternate Service Delivery (Crown Corporation) Innovations

According to the federal Treasury Board, crown corporations are one form of alternate service delivery (Treasury Board, 1995: 3). Alternate service delivery is:

> ... the most appropriate means of providing programs, activities, services and functions to achieve government objectives. This concept includes a wide range of instruments and arrangements used directly by government or in cooperation with others sectors. (Treasury Board, 1995: 13)

The Saskatchewan government used the crown corporation mode of alternate service delivery substantially.

The most important crown corporation innovation was the creation of a holding company to retain the equity of (almost) all crown corporations. Other provinces adopted looser controls (Alberta and Ontario) or greater controls that were not successfully implemented (Manitoba). Only Saskatchewan created a workable Lateral Relations Model that successfully balanced control and autonomy (Waller, 1997; Stevens, 1993).

While some governments with a sizable crown sector have established central groups for managing or at least monitoring their crown sectors, none has yet addressed how they will oversee their alternate service delivery agencies. A challenge awaits them, to balance freedom and innovation with accountability.

For the first time in Canada, perhaps elsewhere as well, the Saskatchewan government enhanced its accountability to the public for the crown corporation sector by disclosing its finances in the crown corporation sector in a manner parallel to what it did in the Consolidated Fund sector. Saskatchewan was the first government to introduce standardized fiscal periods in the entire crown sector, allowing for preparation of one set of books and the publication of consolidated financial statements for the full crown corporation sector. Saskatchewan's unique crown sector financial disclosures and consolidated reporting were especially appreciated by the financial houses when Saskatchewan sought funding for expansion of its resource crowns. These approaches were, however, subsequently challenged by the Opposition and the methods were subsequently changed by the next government, following a review by the Wolff Commission published in 1982. (Waller, 1997)

Service Coordination Innovation

The government solved some serious coordination problems, many of which are shared by other governments.

Saskatchewan developed a methodology for helping companies proposing economic development projects to navigate the intricacies of approvals required from many different government departments. Developers faced the need for a variety of permits and authorizations from a number of government departments, including urban or rural affairs (land use), environment, agriculture, labour, industry, economic development, executive council and others. Manoeuvring this maze and avoiding surprises was difficult for both proponents and public servants. For the first time in Canada, the government created an instrument to permit developers

one-stop entry and no-wrong-point entry into the government approval process. The proponent could approach any agency whose approval was required for the project, and that agency would take the project to an interdepartmental committee with representation from all of the departments involved. The committee would review the project and identify all of the authorizations required, then inform the proponent of the permits required and the agencies with which it must deal. While this service was available, it did not make much real difference for proponents.

The provincial government introduced comprehensive strategies, sometimes coordinated by special secretariats (Blakeney and Borins, 1998). The government's preventive health initiative looked at health issues comprehensively: Demonstration projects were established addressing the cross-section of risks faced by population groups. Children's health was served through a school health program, a child and youth safety program (Glor, 1989), a pre-natal nutrition program, and a pre- and post-natal counselling program for urban Indian and native women. The latter program was run by a native women's community-based association (Glor, 1987). Seniors were served by a community-based comprehensive seniors' health and social program (Glor, l99l). Health Canada has begun to adopt comprehensive strategies through its population health approach, and has introduced a prenatal nutrition program (established 1994) and a children's health program, Brighter Futures, for the population-at-large (Brighter Futures, 1992) and for aboriginal children (1994).

Based on stakeholder consultations and a provincial conference, a comprehensive approach was taken to urban Indian and native issues in the form of the Social Planning Initiative, managed by the Social Planning Secretariat (Glor, 1997a). The programs growing out of this initiative focussed in particular on education, as recommended by aboriginal people, and included a community schools initiative, a native career development program, and special training programs for native teachers, social workers and lawyers. The Metis Gabriel Dumont Institute and the Status Indian post-secondary educational institutions at the community college and university levels were established at this time. In the justice area, a fine option program allowed people to work off fines rather than be imprisoned for non-payment of fines: those being imprisoned for fines were primarily Indian and Metis people. Native court workers were created to mediate for aboriginal people with the courts. Community development was enhanced through core funding and program grants to aboriginal organizations. Health was promoted through all of these programs and through a pre- and post-natal health program for aboriginal women. Outside the Initiative, other programs provided funding for economic development and housing for aboriginal people.

In a different form of coordination, Saskatchewan found a means to serve the geographically vast, resource rich but small, mainly aboriginal populations of the north. As Canada and Manitoba had done before it, the Saskatchewan government coordinated northern development by creating one department responsible for almost all government functions in the north. These functions included transportation and highways, public works, education, health and social services. A few services remained provincial, such as justice, policing (RCMP), and continuing education. Unlike other governments that established northern jurisdictions, Saskatchewan accompanied creation of the department with a major infusion of resources. The Department of Northern Saskatchewan (DNS) was created as a temporary agency, on the understanding that once this major infusion of attention and resources had been completed, the improved infrastructure had been put in place, the north had become better developed and incremental resources had become part of the funding base, special attention would no longer be required. At this point, the functions would be turned over to local governments or would return to regular line departments. The creation of DNS was thus seen as a transitory measure to accomplish a goal. It was in fact abolished soon after the Conservatives came to power, although the goals had not yet been fully achieved.

Human Resource Management Innovations

In the human resource management domain, the emphasis was on developing staff and producing good information rather than on control of staff or *management*. The government introduced a non-government affirmative action and employment equity program that required the crown corporations and the Cluff Lake and Key Lake uranium mines to employ aboriginal and northern people. Saskatchewan appointed the second female deputy minister in Canada, after Ontario in the 1960s, following with three others, more than any other government during this period. Late in its mandate the government established an executive development program, modelled in part on the Canadian government program. To provide it with better information and advice, the government established the first collective bargaining unit in Canada, responsible for monitoring the whole public sector and providing advice to the Cabinet Committee on Collective Bargaining. This was needed because the provincial public sector was so large.

Internal Correlates of Innovation

The hypothesis that putting in place a specific set of internal structures and management solutions is the best approach in creating innovation can be tested for the Saskatchewan process by considering the relevance of the internal correlates of innovation identified by other authors for the Saskatchewan environment of the 1970s. Twenty-eight correlates and processes of innovativeness identified in eight publications were identified in the Introduction, Table 1. A number of the variables are mentioned by several authors, such as the communication channels, the availability of resources, personal and organizational objectives being closely aligned, the institutionalization of innovative policies, incremental innovation, and the central role of management in fostering innovation.

These characteristics of innovativeness were assessed for their relevance to the Saskatchewan government. Each correlate was found to be both applicable to Saskatchewan in the 1970s, was judged by the author to be a valuable way of looking at innovation in the Saskatchewan case, and to have been implemented by Saskatchewan in some form. For example, what the innovation was, the communication channels used, whether there were time pressures, who the members of the government were and what they were like, and whether resources were available all seemed appropriate questions to ask and to track–albeit each would require a large amount of work to understand. From the perspective of the eight authors who studied innovation, the conclusion could be drawn that the Blakeney government had created the internal correlates of innovation.

Besides the factors identified by other authors, two variables can be added from the Saskatchewan experience–comprehensive planning and transformational innovation. Comprehensive planning was needed to organize to address issues on a government-wide basis. None of the other cases identified examples of transformational innovation, but the Saskatchewan government did, for example taking control of the potash industry and empowering aboriginal people and people on welfare. Nonetheless, as with other governments, Saskatchewan's primary strategy was incrementalism.

What is most striking in examining the variables other authors have identified is the limited overlap across authors and the resulting length of the list. If these were the factors that made successful innovation possible, then addressing these issues or having these characteristics should presumably make a government innovative. Such a long list of management factors, all of which can be identified in Saskatchewan, does not shed much light on how a government was able to be innovative. The variation from one author to another suggests that good public administration rather than specific administrative correlates may be a necessary but not a sufficient condition for innovation. The limits of an internal correlates of innovation approach is thus revealed: While it was asserted that specific approaches were needed, which, if any, elements were key to successful innovation was not discovered.

Was Saskatchewan Planning and Implementation Innovative?

The substantial number of administrative innovations introduced identify Saskatchewan as a process innovator as well as a policy innovator. The nature of the process innovations introduced by the Saskatchewan government is an indication of the kind of problems an innovative government as opposed to a government introducing a limited number of innovations faces. The government created many opportunities to address its social justice and economic development objectives through its policy innovations. Its processes focussed on developing the structures, resources and ethics it needed to innovate. The processes emphasized creating thorough and horizontal pictures of the government's problems, programs and progress. This information was used both internally to the government and for reporting to the public. The processes stabilized the financial environment, created the economic institutions needed, developed people, and coordinated efforts.

With the distance of time, it is not always easy to understand the meaning, character, magnitude and impact of changes–and, in particular, the choices that have been made in the past. To add perspective to the impact of Blakeney government process innovations, Table 2 compares four delivery mechanism innovations introduced by the Blakeney government to alternate possibilities identified then or since. The Saskatchewan health and safety and work for welfare programs were more empowering of employees than the current employer-control emphasis of many workplace quality and work for welfare programs. Of course, this is partly due to current values and politics: a redefinition of quality programs has occurred in much of North America, to make them more congruent with top-down control and voluntaristic thinking. Rather than emphasizing participation and empowerment of employees, frequently they are being used as techniques for solving downsizing problems and reinforcing control by employers. Employers identify that there will be reductions in staff, for example, and employees figure out how best to cope with the results. The benefits of increasing employee control and involvement is clear to Japanese companies in terms of quality of product; there are also important benefits to be realized in terms of employee health (Epp, 1986; Marmot and Feeney, 1996).

Table 2: Innovative Delivery Mechanisms

Innovation	Saskatchewan Innovation	Option #1	Option #2
Health and safety regulation in the workplace	Plant floor, joint worker-employer delivered health and safety program (potential for prevention). Organic–it grew out of the workplace.	Traditional: employer-delivered, full employer responsibility & control	Self-regulated, employer-delivered, enforcement through professional/industry association; linked to quality control (prevention).
Deal with unfunded pension liabilities	Fully funded plans for Workers' Compensation, public service superannuation, teachers' & crown corporation employees' pensions.	Money management (invest employees' *or* employees' and employers' contributions in markets).	Reduce benefits, later age of retirement, increase fees, scooping of surpluses by employer.
Control costs of drugs	Province-wide purchase for all residents	Federal: country-wide buying for all provincial public health and welfare programs.	Federal: Prescription drug price monitoring agency
Work and welfare	Developmental program to encourage long-term welfare recipients to develop work skills and work experience.	Ontario: work for welfare: compulsory community or private sector service in order to qualify for welfare.	
Community colleges	Funded as community organizations without capital budget or permanent staff	Deprofessionalize: - Fund community agencies to deliver training through non-professionals -Use teachers' aides (school boards) /teaching assistants (universities) extensively	Electronic distance learning: videos of teachers reused without compensation.

Concern with social justice in the Blakeney government was reflected in innovations such as the efforts to control drug costs and the approach to work and welfare. Locking pensions in earlier and investing them in the marketplace may have meant larger pensions for public servants than the original system would have provided, but it may also limit pensions if economic performance is poor. Other innovations did not have as clear a focus on social justice. The reduction in support for widows (primarily) under the workers' compensation plan, for example, reduced income compensation for widows and widowers who remarried. The conflicting concerns for social justice and financial frugality had their positive and negative consequences for people and their well-being. De-professionalizing much of the teaching in community colleges reduced the job market for teachers.[111] The government's objective was to improve service while saving money–an objective many governments share today. It achieved some success in doing so–thus the Saskatchewan government found innovative ways to introduce social justice concerns into government programming in a fiscally conservative environment.

While the Blakeney government introduced many administrative innovations in keeping with its philosophy, there were areas where it could have been more innovative and was not. The development of DNS and its lack of enthusiasm for participation in development of the Northlands Agreement, for example. This attitude was most dominant in the economically focussed departments. The federal government had a stronger sense of the need for consultation in this form than the Blakeney government did at the time.

Conclusion

Chapter 9 considered some of the ways in which the voluntary approach to innovation can be understood as planning and implementation in the case of the Saskatchewan government of the 1970s. Voluntary analyses were conducted.

The government could be seen as deliberately planning and implementing its program and developing the skills it needed. Saskatchewan adopted a substantial number of administrative innovations, and can be considered administratively innovative for having done so. Its implementation strategies, likewise, created the correlates of innovation. The voluntaristic approach to innovation was found lacking, however, in that it did not make clear what was key to the success of innovation in Saskatchewan.

Just as this chapter dealt with the voluntary aspects of innovation in Saskatchewan, chapter 10 describes innovation in Saskatchewan from a deterministic viewpoint.

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[111] De-professionalizing dental care in the Children's Dental Program did not have the same effect, at least in the short term, because there was a shortage of dentists in the province.

Chapter 10: Determinism: Innovation as Emergent
Eleanor Glor

Introduction
Chapter 9 considered the innovation process in Saskatchewan in terms of the dimension of voluntary change. Wilson (1992) suggests a second perspective for looking at change that addresses innovation as determined–emergent and a process. This perspective is described in the Introduction.

Determinism: Emergent Innovation
A determinant theory focuses on antecedent factors and processes, and sees innovation as emergent and a process. While the factors that determine what happens can be identified and examined, it is much more difficult to claim they cause or can predict what will happen. Despite the discomfort this approach is likely to create for those living in the current government environment, dominated by voluntarism,[112] this approach opens a different window on the perception of reality, and acknowledges more uncertainty.

The Trait of Innovativeness
Traits can be both absolute and comparative. An organization either does or does not have a trait, but it can also have more or less of a trait than other organizations. In this chapter the trait of innovativeness is explored in three ways–absolutely, comparatively and in terms of historical determinants.

The Saskatchewan government of 1971-82 introduced at least 126 policy (Glor, 1997a) and 34 administrative innovations as indicated in chapter 9 as an innovator or initiator (first) or early adopter (second or third). Can it therefore be characterized as an administratively innovative–as having the trait of innovativeness? Was it more innovative than other governments? To try to answer these absolute and comparative questions, Saskatchewan is assessed in terms of what it did, what other governments did and what the Saskatchewan government could have been expected to do. A comparative approach moves away from the case-by-case analysis of the planned approach that asks only whether a government had adopted a particular innovation, to explore whether and where administrative innovation emerges. It therefore allows observers to address why innovation emerges where it does.

The trait of innovativeness is addressed by reviewing comparative research on administrative innovation in other governments, identifying the numbers of administrative innovations in Saskatchewan and in other governments, designing a method for assessing what Saskatchewan could have been expected to do and drawing a conclusion about whether Saskatchewan was innovative. It addresses the comparative issue in innovation.

What Kinds of Governments are Innovative?
Much of the American literature on innovation, particularly in the *policy* field, where it has been studied most, concluded that governments with the trait of largeness were more likely to be innovative. Mohr (1969), a Canadian who studied in the US, examined public health innovations in the several American states and the Province of Ontario. He found that big organizations–in both the private and public sector–innovated most, because of the resources available to them.

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[112] The certainty that is consistently presented to administrators seems to constantly change as management gurus claim they have the answer to complex and difficult challenges.

Using a broad definition of innovation[113], and limiting her study to three areas of policy, namely education, welfare and civil rights, Gray (1973: 1182) concluded that American states that were innovative in education and civil rights were richer and more politically competitive. Walker, who also studied policies, found that "larger, industrialized, wealthier states adopted new programs somewhat more rapidly than smaller, less well-developed states" (Walker, 1969: 884). Thompson (1965-66, 1976) and Barzelay (1992) concluded that bureaucracy, the predominant organizational model for governments, stifles innovation and creativity generally. Based on their analyses, very little innovation would be expected in governments anywhere. Poel researched Canadian provincial policy innovations. His data revealed that a small Canadian province, Saskatchewan, was more innovative in policy areas than were the large provinces from the 1940s to the mid 1970s (Poel, 1976). Glor (1998a) also found that Saskatchewan was more innovative in policy than large provinces from 1971-82. Thus, the policy innovation literature produced contradictory results on the subject of whether governments exhibiting the trait of largeness or smallness were greater policy innovators.

The size of public sectors adopting *administrative* innovations has been studied as well over the last 30 years. In the USA, a Rand Corporation review of 140 published case studies of technological innovations in state and local services, for example, concentrated on the success of innovations. Using a cross-tabular and a multivariate analysis, it found that one of the factors supporting success was large and wealthy communities. All of the background factors together, however, including centralization, formalization, a rich innovative environment, an agency history of innovation, a large community and a wealthy community, only accounted for 14% of the variance (Yin *et al.*, 1977: 67-85).

Comparative study of administrative innovation has not been a common subject of research in Canada. Table 1 compares the findings of studies by Borins and Gow with the results of this study, outlined in chapter 9, Table 1. In *Learning from Others* James Iain Gow described fifteen administrative innovations introduced between 1960 and 1990 by Canadian federal and provincial governments. Noting the innovations were identified subjectively and the list was imperfect and inevitably incomplete, he developed innovation scores for the governments that implemented the fifteen innovations (Gow, 1994: 80-87). Although Gow identified some exceptions in his literature review, such as Poel's highlighting of Saskatchewan, and noted the unusual place of New Brunswick on his list, he concluded that the federal government was more administratively innovative than other governments: The federal government introduced six of the fifteen innovations Gow reviewed.[114] (Gow, 1994: 75).

Table 1: Canadian Studies of Administrative Innovation and Early Adoption

Author	Borins 1994-95 (IPAC Innovation Award)	Gow 1994	Glor (current study)
Type of Innovation	management	administration	administration
Period	1989-95	1960s-1990s	1971-82

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[113] Gray defined innovations as "an idea perceived as new by an individual; the perception takes place after invention of the idea and prior to the decision to adopt or reject the new idea. In Gray's study, as in Walker's, an innovation was more specifically defined as a law which is new to the state adopting it, i.e., it is equivalent to a single adoption." (Gray, 1973, p. 1174)

[114] Although the list of innovations was developed by a highly knowledgeable panel, Gow's developing innovation scores and identifying a most innovative government may be questionable, since his sample is so small.

Number of Cases	45*	15	34
How Innovators Identified	Participant observers plus peer review	Identified by author with expert advice	Identified by author with expert advice from participant observers from Sask. & other governments
Region Covered	Canada	Canada	Canada

Note: Gow treated PEMS, PPBS and Zero-Based Budgeting as three innovations. I treat them as one, and include Saskatchewan's version of a program-based budgeting system, with an evaluation component, the Program Management Information System (PMIS) as part of that grouping of innovations, rather than as an innovation.
* An analysis has not been made of how many real innovations were involved. It was assumed that each award was for an innovation or early adoption.
Source: Glor, 1998a

Gow concluded that size, complexity, communications and openness favoured innovation while centralization and formalism hindered it (Gow, 1994: 4). In his survey of Institute of Public Administration of Canada (IPAC) members, Gow found that federal, provincial and municipal public servants typically looked to senior managers and central agencies to initiate administrative innovations, rather than initiating innovation themselves (Gow, 1994: xvi and chapter 2). Despite the seeming coexistence in the federal government, accordingly, of a factor that should favour innovation–large size, and one that should hinder it–centralization, Gow concluded that the federal government was the level of government and the specific government most likely to introduce administrative innovations in Canada (Gow, 1994: 75) and that size and wealth of governments were good predictors of administrative innovativeness (Gow, 1994: 125).

The trait of administrative innovativeness has also been studied in Canada, through the main comparative data base, the IPAC Innovation Award. Although the IPAC award winners were self-nominated, and the criteria for innovativeness were not necessarily consistent, there was wide participation in the award program from Canadian governments at all levels, and the members of the award committees were well-informed senior public servants from a wide range of governments. Sandford Borins studied administrative innovation through innovation awards in Canada and the USA, but he did not consider the issue of traits, focussing instead on the initiators, obstacles, and types of innovation–in other words, voluntary issues. (Borins, 1994, 1998). Glor (1998a) studied the IPAC Award data base comparatively.

An updated review of the 947 IPAC Innovation Award nominations from 1990 to 1999 reveals the only picture available of government innovation in Canada during the 1990s, bearing in mind that the theme was different each year. When winning a medal is used as a marker of the trait of innovativeness, Ontario was the most innovative government, winning 23% of the awards, followed by Alberta and Canada (tied), then British Columbia. The other large government, Quebec, also won a substantial number of awards. Overall the large governments, including the large municipalities, won 100% of the first places and 87% of the 30 medals awarded. The only other provinces to win medals were Saskatchewan and New Brunswick. The Government of Canada realized a total of five of thirty medals–17% of all medals–and submitted 31% of the nominations. (Table 2) If a less demanding definition of innovativeness is used, and both medalists and finalists–i.e. recognized innovators–are included in the measurement of innovativeness, then among senior governments PEI is added to the list, along with the NWT, the medium-sized municipality of Calgary and the small municipalities of Nanaimo, Frontenac County Board of Education, and the Township of Pittsburgh, both in Ontario. The most frequent winners, including finalists, were Canada, Ontario and B.C. (Table 2).

Considering only how much each government has been acknowledged does not take account of how innovative each government should have been expected to be. One way of standardizing results across governments is to assume that innovation is a function at least in part of resources, as suggested by the literature. The governments have been standardized for their budgets in Table 3. Given their resources, Alberta, Ontario, and the provinces generally were

more innovative than would have been expected. Only B.C. was clearly more innovative. Canada won fewer medals than expected.

Why were these particular governments innovative? This analysis of medalists and finalists supports the contentions of the American literature and Gow that large governments were more innovative than small ones but does not highlight the federal government the way Gow's study did. The federal government has been acknowledged much more frequently in recent IPAC awards, so a change may be under way. The unexpected appearance of the small governments of Saskatchewan, New Brunswick and Prince Edward Island on the list suggests they may have been somewhat innovative as well, and reflects their reputations for being so.

One government has not been able to claim the mantle of administrative innovativeness over time, since Gow found the federal government to be the most innovative while the IPAC Innovation Award highlighted British Columbia and primarily acknowledged three large provinces. It is important to emphasize that the time periods covered were different in the Gow and IPAC studies, and included somewhat different topics. As well, large governments have more communication capacity, and therefore may more easily and actively participate in awards, thus obscuring the results.

Another factor that can obscure the results is ignoring the politics of the governments that were in power. Ontario and Alberta were actively introducing the New Public Management, the right wing political agenda of Margaret Thatcher, Ronald Reagan and New Zealand, during this period. B.C., on the other hand, was implementing a left wing agenda. Ideology was a factor in all of the innovative governments.

Table 2: IPAC Innovation Award Winners by Level of Government, 1990-99

Govt	1st	2nd	3rd	Finalist	Total Recogd	# Entries
BC	1995 1993 1991		1992	1999, 1996, 1995, 1994, 1994, 1993, 1992, 1991, 1990	13	66
Alta		1999 1998 1993 1990	1994	1999, 1997	7	48
Sask		1995		1990	2	25
Man					0	35
Ont	1994 1992	1997 1992	1998 1996 1990	1999, 1994, 1992, 1992, 1991, 1990, 1990	14	198
Que	1996	1994	1991	1997	4	42
NB			1995		1	17
NS					0	29
PEI			1998		1	6
Nfld					0	14
Total Provs					42	480
Yukon					0	2
NWT				1998 (Nunavut)	1	4

Canada	1999 1998	1996	1997 1993	1999, 1998,1995, 1995, 1994, 1993, 1992, 1991, 1991, 1990	15	292
Montreal	1990			1997	2	
Vancouver	1997			1995	2	
Toronto				1991	1	
Other Municipal		1991	1999 Calg	1994, 1997	4	
Total Municipal	2	1	1	5	9	162
Total	10	10	10	37	67	940

Sources: Yearly summaries of IPAC Innovation Award nominees, IPAC. 1990-99, *Public Sector Management.* Toronto: Institute of Public Administration of Canada
   Glor, 1998a

Table 3: Standardization of IPAC Acknowledgement of Governments by Budget, 1990-99

Government	Grand Total Medals & Finalists (No.)	Proportion of Total Govt Expends	Total Predicted No. Acknow-ledgements	Innovative?
BC	13	0	3.2	Yes
Alta	7	.040	2.7	Probably
Sask	2	.018	1.2	Probably not
Man	0	.017	1.1	Probably not
Ont	14	.140	9.4	Probably
Que	4	.108	7.2	Probably not
NB	1	.011	.7	Probably not
NS	0	.012	.8	Probably not
PEI	1	.002	.1	Probably
Nfld	0	.009	.6	Probably not
Yukon	0	.001	.1	Probably not
NWT	1	.003	.2	Probably not
Total Provs	39	.410	27.5	Probably
Canada	15	.415	27.8	Probably not
Total Municipal	9	.175	11.7	Probably not
Total	67	1	67	

Is largeness, then, the factor that caused these governments to be innovative? The literature concludes larger governments are more innovative: Presumably large governments

have more opportunity to be innovative as they spend their larger resources. Other factors are also potentially at work: large governments have more communication capacity and more people on award committees. In addition, a professional organization like IPAC must maintain the perception of balance in distribution of the intangible largesse of awards.

But largeness correlates with other factors in B.C., Alberta and Ontario, the governments which IPAC identified as the most innovative governments in Canada during the 1990s. The largest governments existed in the richest provinces. The elected governments of these provinces, moreover, were the most ideologically extreme in the country. B.C. had a social democratic government, Alberta had an extreme right-wing government. Ontario had a social democratic government, followed by an extreme right-wing government. These polarized parties were elected in a context of economic recession and increased personal difficulty (in Alberta, a new leader was chosen for the existing government party). Because these provinces had the highest per capita incomes in the country, they were the "have" provinces in the Canadian context. As a consequence, they were taxed through regional equalization to help "have-not" provinces. They felt put-upon by the economy and they felt put-upon by the federal government for giving their tax money to other provinces. The federal government added element to this equalization equation in about 1990 when it cut the funds it gave to provinces for education, health and welfare, but only for rich provinces. Poor provinces escaped this cut. This social environment of increased economic difficulty and resentment created a context within which extreme governments could be and were elected, and extreme actions could be taken. Hence, innovations, that previously could not get approval, now could secure it. Thus, I am more inclined to look for other determinants than largeness for innovation. The accident of having more opportunities for innovation, as a large government does, is not the kind of determinant that provides much help in understanding the determinants of innovation.

Was Saskatchewan Innovative During the 1970s?

While the innovativeness of Saskatchewan during the 1970s cannot be assessed on the basis of a data base from the 1990s, the standardized data base can be used to suggest how many administrative innovations could have been expected from an innovative government of Saskatchewan's size. Both were periods during which governments were introducing many innovations. On a comparative basis, should Saskatchewan during the 1970s be considered administratively innovative with 34 innovations?

According to the American literature, Gow, and the IPAC awards, the Saskatchewan government would not have been expected to be innovative in either the policy or administrative domains, because large, urban governments were found to be the most innovative. Despite these findings, the small Saskatchewan government had a reputation beginning in the 1940s for policy and administrative innovation, and it was again a policy innovator during the 1970s and early 1980s (Poel, 1976; Glor, 1997). During both periods it had social democratic governments.

Saskatchewan introduced a substantial number of administrative innovations from 1971-82: 25 initiations (first) and nine early adoptions (second or third) (Chapter 9, Table 1). While Saskatchewan was the initiator for 89% of the 126 policy innovations, in the administrative domain Saskatchewan introduced 74% of the practices first. It was an active innovator and early adopter in both the policy and administrative domains. Because the Saskatchewan government introduced or was an early adopter for 34 administrative innovations from 1971-82, a substantial number, it can be regarded as an administratively innovative government.

But was Saskatchewan more or less innovative than other governments? On an absolute level, how many administrative innovations does an innovative government introduce? Comparing how many innovations the most innovative Canadian governments reported in the literature introduced reveals that Gow's most innovative government, Canada, introduced six of the 15 innovations identified from the 1960s to the early 1990s while IPAC's most recognized innovative governments–Canada, Ontario and B.C.–were recognized (medalist or finalist) for 15,

14 and 13 innovations respectively out of a total of 67.[115] The same recognized IPAC governments were also the most nominated–Canada 292 times, Ontario 198 times, BC 66 times. They perceived of themselves as innovative. No Saskatchewan innovations were acknowledged in the Gow study, two were recognized by IPAC, out of 25 nominations, and 34 innovations were acknowledged[116] in *Is Innovation a Question of Will or Circumstance?*

These comparisons are somewhat problematic, however. They lack comparability[117], due to differences in government size, time frames and study design. The Gow and Glor studies both identified the initiator, during overlapping but not identical periods (Table 4). The criteria for the IPAC Award did not require a submission to be the first time an innovation was introduced, while the Gow and Glor studies did. The IPAC Award covered a different time period–1990-99–and did not allow all innovations to be nominated each year–it set broad themes for its competitions. However, innovations could be renominated. Since the award was adjudicated, and the criteria usually referred in some way to newness, it can reasonably be assumed that the recognized projects were relatively new. All three data bases were reviewed by third parties. Although the size of the universe of innovations is not known, on the basis that the studies outlined here have set some boundaries on the absolute numbers of administrative innovations and early adoptions introduced by administratively innovative governments in Canada, the Saskatchewan government of the 1970s could be considered administratively innovative.

Table 4: Comparison of Gow 1960-94 and Glor 1971-82 Administrative Innovations

Province	Number of Innovations (1st)				Amongst 1st three (1st, 2nd, 3rd)			
	Gow	Gow Rank	Glor	Glor Rank	Gow	Gow Rank	Glor	Glor Rank
Canada	6	1	4	2	9	1	12	2
Ont	4	2	3	3	8	2	3	3
Que	0		0		5	3	1	4
Alta	2	4	1	4	4	4	2	4
BC	3	3	1	4	6	5	0	

[115] It should be remembered that IPAC used a different theme each year–not all innovations were covered. The pattern of acknowledgement changed over the decade of the 1990s, with B.C. more acknowledged initially and Canada, Ontario and Alberta more acknowledged later.

[116] The research and the peer review process for this book are being treated as the equivalent of acknowledgement. Reviewers did challenge some of the innovations suggested, and they were deleted e.g., the active management of funds in the bond market, borrowing in the New York markets.

[117] The results of the Gow and Glor studies are not strictly comparable, because they cover different periods and the focus of Gow's study was national while Glor's is Saskatchewan. Given their differences, the rankings in the two studies are surprisingly similar. Except for the prominence of governments about which each author had particular knowledge, Quebec in the case of Gow, Saskatchewan in the case of Glor, the rankings of governments are very close. This could be because their periods overlap (Gow 1960-90, Glor 1971-82) and because both looked at a national range of innovations: Gow's focus was national while Glor gave consideration to national innovations whenever Saskatchewan was an innovator or early adopter. Perhaps it indicates governments were facing a common set of problems and discussing at least some common administrative solutions at that time, much as they are today.

NB	1	5	0		4	6	1	
Sask	0		25	1	3	7	34	1
NS	1	5	0		1	8	0	
Man	0		0		1	9	1	4
Nfld	0		0		2		0	
PEI	0		0		0		0	
Total	17		34		41		52	

Source: Current study and Gow, 1994, Table 3.4, p.82.
These studies are not strictly comparable as they cover different years and neither author sought out all Canadian innovations. Still, the studies overlap by eleven years and it is interesting to compare who each author identified as innovators.
The innovations identified in the Gow study were introduced from 1960 to 1994, 34 years. Those identified in the Glor study covered 1971-82, 11 years.

Drawing a conclusion about whether the Saskatchewan government of the 1970s was more or less innovative than a specific government of the same period would be impossible, among other reasons because the Saskatchewan government was so much smaller than the ones acknowledged by Gow and IPAC. Standardized results might help (Table 3). While the innovativeness of Saskatchewan during the 1970s cannot be assessed on the basis of a data base from the 1990s, the standardized data base can be used to suggest how many administrative innovations could have been expected from an innovative government of Saskatchewan's size during the 1970s. Saskatchewan during the 1990s would have been expected to be acknowledged once, and was recognized twice. While Saskatchewan during the 1990s would probably not be considered administratively innovative on the basis of the IPAC award, as a consequence, during the 1970s it probably was. It can be deduced that the Saskatchewan government of 1971-82, by introducing at least 25 innovations and nine early adoptions was more administratively innovative than expected. The results cannot be compared systematically to those of other provinces during the same time period, since there is no comprehensive administrative innovations data base.

The trait of administrative innovativeness was attributed to Saskatchewan but the comparative issue was not settled in this analysis.

Historical Determinants

The trait of innovativeness can also be considered to have been determined historically. As demonstrated in Glor (1997a) and the previous section, respectively, the Saskatchewan government of 1971-82 was a policy and administrative innovator. *Policy Innovation in the Saskatchewan Public Sector* (1997a) spoke of the history of Saskatchewan as a determinant of the government's capacity to be innovative but emphasized will and planning. Gruending (1990) emphasized the Premier's role, while Harding (1995), focussed on the role of public ownership and a technocratic civil service in defining the nature of the Blakeney government, discussed social, economic, environmental and political determinants. He analysed the relationship between the policies set by the NDP and those set by the government. Although it covered an earlier period, the most substantial discussion of Saskatchewan determinants was Seymour Martin Lipset's *Agrarian Socialism*. He argued that a particular set of circumstances led to formation of an socialist ethic among Saskatchewan 's grain farmers and that this led to formation of the Cooperative Commonwealth Federation. When large portions of the grain farmers began to vote Conservative under Prime Minister Diefenbaker, the CCF/NDP lost its political base, according to Lipset (1968). Some consideration has clearly been given to the impact of history, individuals and the social, economic and political environment on the Blakeney government. This section looks briefly at a few of these factors.

Social and Economic Context in Saskatchewan

Saskatchewan is a relatively small, poor province, with a population that has remained stable since the Great Depression of the 1930s at about one million. Its people have suffered hardship and isolation, particularly during the economic depression of the 1930s. Out of this has grown a need and a desire to deal with problems. An openness to new ideas developed out of this environment, they were nurtured in social, political and religious movements, and facilitated by exposure to others' thinking brought on by extensive in- and out-migration. Many Saskatchewanians have developed a sense of providing leadership, of playing on a stage larger than the boundaries of the Province of Saskatchewan. Saskatchewan leaders have been especially prominent in showing the way for social programs and the positive use of public ownership in Canada. They have become national leaders in aboriginal organizations, in cooperatives, and in the political domain, especially in the CCF and NDP.

A Sense of Being Leaders

In 1971, Saskatchewan already boasted the first jurisdiction in North America to introduce a bill of rights, hospital insurance, medicare, a universal prescription drug program, an air ambulance service, commercial Crown corporations, provincial automobile insurance, a rural electrification program, a province-wide (bus) transportation system, and one of, perhaps the first, merit-based provincial civil services in Canada. Under CCF and NDP leadership the province employed public ownership and Crown corporations to support the provincial economy, create jobs, generate provincial revenue, and generally assert control over resource and commercial industries and the economy.

Non-CCF/NDP Saskatchewan governments, too, perceived themselves as leaders within Canada. The Liberals under Ross Thatcher, 1964-71, portrayed themselves in two elections, 1964 and 1967, as the bastion against socialism in Canada. The Progressive Conservative government of Grant Devine established the first pension plan in Canada for homemakers, small business people, part-time employees and self-employed workers (Baron and Jackson, 1991, p. 151).

While populist leaders, including Progressive Conservative Prime Minister John Diefenbaker, emerged on the political right, it was the left that demonstrated a particular appeal in the province. M. J. Coldwell and Tommy Douglas, both politically active in Saskatchewan, became leaders of the federal CCF and NDP. Saskatchewan elected a disproportionate number of CCF and NDP Members of Parliament compared to other provinces. Provincially, the CCF and NDP have been either the government or the official opposition in Saskatchewan since 1934 (McLeod and McLeod, 1987, p. 55).

Specific constituencies within the province have also shown initiative and national influence. Recent events have highlighted the salience of aboriginal peoples' concerns in Canada. Saskatchewanians John Tootoosis, Noel Starblanket, David Ahenikew, Sol Sanderson, Roy Bird, Wayne McKenzie, Clem Chartier and Jim Sinclair played important national roles in Indian and Metis politics and national organizations.

Another illustration of Saskatchewan people providing national leadership in seeking venturesome replies to oppressive conditions arose among the farming community. A consumer and farmer cooperative movement developed in Saskatchewan during the 1910s and 1920s, and played an important role in both the economy and in politics. The farmer cooperative movement was a strong element in the United Farmer and Progressive parties during the 1920s; many members transferred their allegiance to the CCF during the 1930s, thereby forming one of the cornerstones of the CCF rise to power.

By the 1970s, the Saskatchewan cooperatives had matured. They were still the strongest cooperative movement in the country, although coops were also strong elsewhere, especially in

Quebec, the Atlantic provinces and the North.[118] By 1989, Canadian cooperatives including insurance companies had cumulative assets of $105.9 billion, total employment of 70,000 (Quarter, 1992, p. x), and were a notable economic force.

In Saskatchewan, consumer cooperatives were developed to assure people living in areas with small or monopolistic private sectors the opportunity to have access to competitively marketed goods and a wider range of goods, with any profits retained by the consumers. Cooperatives also represented a consumers' movement to many, especially the CCF members. Saskatchewan's marketing cooperatives, on the other hand, were created to gain some control over domestic and international staples markets, and the low and variable prices of the staple goods produced on the prairies. The Canadian Wheat Board, a compulsory national marketing agency for both domestically consumed and exported Canadian wheat, was created during the 1940s due to pressure from the Saskatchewan, Alberta and Manitoba Wheat Pools. By the 1970s the Saskatchewan Wheat Pool, a voluntary marketing cooperative for grain, was the largest business in the province. In the financial cooperatives, too, Saskatchewanians played important roles. Bill Knight, former assistant to Alan Blakeney, for example, became head of Credit Union Central of Canada (Canadian Cooperative Association). Overall Saskatchewan played an active role in cooperative movements in Canada.

In an economy where farm income represented over 30% of commodity income, agricultural cooperatives had a major impact. Net farm income had varied between $371 million and $480 million between 1962 and 1967, then fell to $168 million in 1969. The years leading up to the election of the NDP government of Allan E. Blakeney were ones of bad harvests and poor crop prices, typical of the boom/bust Saskatchewan economy.

The Political Context

It was against this background of scarcity, a poorly performing economy, and a tradition of national leadership that the Saskatchewan NDP of the late 1960s and early 1970s developed its policies. The NDP held a special place in history. Robert L. Heilbroner in *The Making of Economic Society* identified a reformist force that "brought an impetus for social change and a widened agenda for discussion" in Europe and Canada. He suggested the "driving force for change" that enlarged the "conception of what a society might achieve" was a democratic socialist party (Heilbroner, 1975: 286). The Saskatchewan social democratic party, the CCF/NDP, played a key role in creating and promoting an innovative, major change agenda.

The NDP agenda was hammered out at local and provincial party meetings and conventions over many years and outlined in discussion papers and party policies passed at them. Lipset, in his introduction to the 1968 edition of *Agrarian Socialism*, said of the 1960s Saskatchewan CCF/NDP, "... party conferences did function as realistic means of communication between sentiment at the rural grass roots and the party summits ... at the same time ... the factors in the Saskatchewan social structure that made for a high level of rural political activity were declining with the improvement in communications and transportation facilities ... grass roots involvement in the formation of party policy (had) been weakened" (Lipset, 1968: xx). The NDP government elected in 1971 found its support more in the cities than had the CCF, but it still had a strong agricultural orientation.

The government's policies were encapsulated in the party's 1971 and 1975 election platforms, *New Deal for People* and *New Deal '75*. These documents played a key role in setting the government's agenda. The major document, *New Deal for People,* had been developed by a committee of the party from party policy and a grass roots process among party members that included a dozen local party meetings. Identifying the degradation of agriculture and the related

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[118] In some provinces, such as Quebec, cooperatives had developed from different roots than they had in Saskatchewan, having been supported by the clergy as a means to discourage the development in the province of more radical movements.

decline of small communities as the most critical issues in the province, it promised to control technology, destructive efforts to achieve economic efficiency, development of large, corporately managed farms, and depopulation of rural Saskatchewan. This was to be accomplished by stabilizing farming, promoting the maximum number of viable family farms and developing small communities. An NDP government would restrict corporate ownership to family farms and cooperatives, keep farm ownership in Canadian hands, establish a Land Bank Commission, provide capital credit to farmers, enact a farmer's bill of rights, establish a hog marketing board, keep small hospitals open, develop small town housing projects, urge the federal government to take action on matters within its jurisdiction, and so on, for a total of 37 commitments in the area of rural and farm development. In the field of resource and economic development, the NDP would assist Saskatchewan people to develop their own resources, maximize benefits for people, assure orderly growth and a healthy environment. It would: create a Department of Economic Development; establish a Saskatchewan Development Corporation to mobilize capital for public investment in economic development; prevent further sellout of resources by giving first priority to public ownership through crown corporations, but also support cooperative ownership and partnerships between government and cooperatives/private developers; scrutinize and if necessary renegotiate royalty and other arrangements; renew renewable resources and conserve non-renewable resources; require business and industry to adhere strictly to environmental policies; and support small business. Additional specific commitments were made in fourteen other policy areas, including labour, small business, taxation, education, health, social security and welfare, pollution, and Indian and Metis programs.

The political environment just before the Blakeney government was elected was one where a right-wing, non-interventionist Liberal government had been in power provincially for seven years from 1964 to 1971, while the Diefenbaker Tories (1958-63) and the Pearson (1963-68) and Trudeau (1968-79) Liberals had been in office nationally. During the 1960s, the CCF had engaged in an internal struggle over whether to join and change its name to the NDP, resisting this change until 1968. This was swiftly followed by a fight with its new, youthful left-wing, the Waffle. The Waffle movement promoted economic nationalism, more liberties, and more nationalizations of industries. Nationally, the NDP was weak during the 1960s, but grew leading up to the 1972 election of a minority Liberal minority government. The CCF/NDP made a decent showing in the 1966 provincial election. By 1971, the polarized political environment in Saskatchewan produced another swing to the left. The election of the NDP signalled the people of Saskatchewan's readiness to embark once again on active efforts to address their common needs. Although the electoral base of the NDP in 1971 included a few constituencies from the southern and western large-farm grain belt, by 1975 that support returned largely to the Conservatives. The NDP government of the 1970s was mainly a party representing urban people, small farmers from the eastern and northern parts of the prairies, and aboriginal people from the north. Although it had been previously, it was no longer an agrarian socialist party in the sense defined by Lipset. In a Saskatchewan of substantial differences among the populations of constituencies, with a bias toward the rural, this was not a natural majority, and the NDP was typically only elected when it ran against two opposition parties that split the vote.

Use of the Historical and Personal Perspective

Because this book is written by those who were involved in creating the innovations, it brings both the historical and the personal perspective to bear. Burton, Kramer and Gentles, Hammersmith and Hauk have each placed themselves in the process they examine. Burton, a former federal Member of Parliament, played a key role in the Potash Secretariat and communication of the potash take-over. Kramer, as Minister, and Gentles as Deputy Minister, managed Saskatchewan Transportation for most of the period covered. Hammersmith was an officer in the Policy and Planning group in DNS, then later its Minister. Snyder was Minister of Labour for most of the period. Each perceived the action that occurred as being under the control of someone but also acknowledged the importance of the broader historical, social, economic and

political context. Each saw power and powerful groups as playing a key role. Each also saw Premier Blakeney playing the most important individual role.

Innovation as Process

A focus on process is also an emergent perspective on innovation.

A Process Model of Innovation in Saskatchewan

Government as an open system is influenced by its environment and influences that environment. The process model as defined by Wilson is outlined in the Introduction. It explores factors interior and exterior to the government as influences on it. A process model does not see implementation of change as the only problem, but takes a broader approach.

 An Example of an Open System: Potash.

Chapter 4 on potash outlines the process by which the NDP negotiated settlement with the industry over a protracted period of time, finally leading to a decision to nationalize potash. Burton demonstrated the give-and-take, bargaining positions and dynamic interactions within the government, with the industry and with the federal government. The analysis explores what happened as an open system, with factors outside the government playing the major role in determining what happened.

While planning played a role in the process, including communications planning, overall the government did not consider that it used a planned implementation but rather that it was constantly adjusting to changing tactics, and principled and unprincipled action and reaction by other actors. This process eventually led the government to use the threat of nationalization through legislation to force the industry to the table. Only when this legislation was approved did the companies agree to be purchased. The Opposition, which supported the industry, accused the government of following a planned process–of intending to nationalize potash from day one, as outlined in its election platform. The government did not see itself as doing so. Perceptions of the process were clearly different among different actors–for political as well as substantive reasons.

 An Example of a Process: The Department of Northern Saskatchewan.

Chapter 5 about DNS focusses on an implementation process in the Blakeney government. It describes how Cabinet took decisions but the Department failed to implement the intent of the government in empowering the people of the north and creating local government structure. Instead, the department created a traditional structure that integrated–and then only somewhat successfully–most services of government in the North. An interesting story of success and failure in its own right, the chapter emphasizes the government's oft-repeated and clearly stated intent to involve northerners, that was undermined by politics within the department and processes that failed to engage northerners. Through this analysis Hammersmith and Hauk bring out the internal and external determinants of implementation.

Table 5: Process (Systems) Analysis: The Political System in the Blakeney Government

Exterior Influences:	Interior Influences:	Interior Relationships:	Processes & Functions	Govt Products	Overall Performance
History of Sask	Type & quality	Political, social,	Legal context	Information	Optimal or
Culture of Sask	of information	bureaucratic	Implementation	Programs	sub-optimal
Prov & nat. NDP	Ministers' opinions	networks	processes	New Crowns	
Political Opposition	Ideology	Political	Accountability	Jobs	
Stakeholders, interest, þ	Ethics þ	opinion þ	processes þ		þ
client Groups	Perceptions	of bureaucracy	Decision-making		
Political culture	Motives	Bureaucratic	processes		
Social Movements	Political awareness	opinion of	Budgetary		
Intern., nat. &	Polling	government	processes	ú	
prov. unions	Expectations	Relationships			
International orgns	Intentions	among			
Economic dvmt þ	Planning þ	members þ			
Sustainable dvmt	Supposed	of Cabinet;		**Govt**	þ
Weather	consequences	between		**Impacts:**	
Physical environment	DMs &	Cabinet &		Restructuring	Optimal þ
Technical changes	central agencies	MLAs;		of economy	
"Appropriate" options	"Appropriate"	among		Increased economic	Sub-
Infrastructure	political	specialists,		activity	optimal þ
Federal & prov govts	options	planners &		Social	Sub þ
Sask. elites þ	Technology þ	decision- þ		changes	þ
Public opinion	Objectives	makers		Cultural	Sub þ
Information	Ideals &			changes	
Media	ideology			Environmental	Sub þ
Experts				changes	
Concepts/ideas/options				Political	Sub þ
Ideals, values				changes	
Community envs				Structural changes	Optimal þ
Social env					

Table 5 explores exterior and interior influences on the Blakeney government, emphasizing its functioning as a system in which many factors and actors were at play, bringing specific groups, issues and values to the forefront of the government's and the Premier's attention, engaging the public service, determining their interactions with each other, and influencing the processes, products and impacts of the government.

Now, let us examine the overall performance of the government. The effort to capture a whole government on one page is of course impossible and could be perceived as both simplistic and full of hubris. On the other hand, it does allow the observer to ask fundamental questions about the impact of the government. The idea that the government's overall performance could ever be optimal is unrealistic to this observer. On further consideration, however, the Blakeney government could perhaps be seen as having achieved optimal performance in two areas that it emphasized: restructuring of the economy, and government structural changes. The government accomplished what it set out to do, and took some initial steps, for example, toward creating Saskatchewan-based industry, developing its hard rock industry, and conserving gas for future use. These were for the most part quickly and easily dismantled by the next government. The Conservatives sold off many of the new crown corporations, and others as well, and subsidized oil and gas development. Although the economy grew very quickly during the Blakeney government, it cannot be demonstrated that it would not have grown faster with purely private sector development instead of joint ventures. The support to northerners, creation of employment with good protection for workers, and collection of economic rents that allowed other social development would likely not have been as good. While it is hard to argue social progress in these areas was optimal, it was certainly better than it would have been under a capitalist regime. Protection of the environment was limited during the Blakeney government, but perhaps better than it would have been under an unrestricted regime. The government did not come to grips with the most fundamental Saskatchewan environmental problem, however, the mining of the soil. There was improvement in social programs, especially for aboriginal people, but with the high interest rates and decline of the economy that came with the early 1980s, the social safety net could not keep people's well-being from declining. The main demographic changes parallelled the political ones–a shift from small to large farms and urbanization. The prosperity of the 1970s had led to less concern for others, more focus on self-aggrandizement, and a move away from collective values.

Because the NDP did not reflect these changes, the Conservatives were elected in 1982. At the level of creating gout structures to support the government's agenda, however see for example, Table 1 of Chapter 9), the government optimized its results. Its planning, financial management, control and disclosure; and crown corporation management were particularly effective.

A Population Ecology Model of Innovation in Saskatchewan

In Saskatchewan, several populations are of interest to government. These include the government's political party, in competition with other political parties; the set of federal, provincial and territorial governments; and other populations described in chapter 8. The processes of creation/birth, disappearance and transformation apply both to organizations such as HRDA and to innovations such as Land Bank and the Saskatchewan Science Council (Glor, ed., 1997a: 242-245). The Government of Saskatchewan occupied an innovative area by identifying and being the first to implement many innovations. Other provinces adopted the changes selectively and more or less quickly, and the federal government aided dissemination once progressive provinces had initiated them. (Glor, 1998a) Innovations also occupied roles, such as that of empowering workers as opposed to companies and managers. Compared to the Tommy Douglas government, the Blakeney government entered the new function of development, processing and marketing of primary resources by government more actively, although the Douglas government had done this first with its sodium sulphate mine. As predicted by position analysis, the Crown Investments Corporation, with its advertising campaign for the *Family of Crown Corporations* adopted the same strategies as those of others occupying the niche–other big businesses. The Blakeney government expanded the role of government in relation Aboriginal people to include education, training, and private sector and crown corporation employment programs.

Governments in general need to occupy a broad environmental place, appealing to a wide sector of the population throughout the province in order to be elected, and continue to be elected: hence the need to satisfy citizens, interest groups and client groups. This makes the NDP's defeat in 1982 somewhat more understandable as the Conservatives managed to occupy a niche of people who were having a tough economic time by promising new assistance programs and tax cuts for the middle class and farmers. The NDP failed to evolve or transform itself to meet the needs of a large enough population in a deepening recession. In some ways the government had become a specialized organization, occupying a narrow peace with its economic policies, no longer satisfying sufficiently those who cared about social issues, and failing to help sufficiently the personal economic needs of the population.

Saskatchewan's pursuit of innovative strategies can also be seen in the adoption of governmental investment in energy resources during the mid 1970s, in an environment of perceived scarcity of oil and gas and therefore energy generally. This became a sector recipe, and was eventually adopted by all kinds of governments including the Quebec Parti Quebecois, the Ontario Progressive Conservatives and the federal Liberals. The Saskatchewan Progressive Conservative political campaign of 1982, on the other hand, and the federal Progressive Conservative campaign of 1984 followed the Margaret Thatcher and Ronald Reagan recipes of reduced government with great success.

Table 5 presents a systems analysis of the political system of the Blakeney government. Major exterior and interior influences, interior relationships, processes and functions, government products, impacts and overall performance are assessed. The complexity of such an analysis is evident, but its capacity to include many relevant factors is also clear.

The process model differs from the implementation model in the inclusion of and focus on external influences, stakeholders and the effects of the political system on the system.

A Life Cycle Model of Innovation in Saskatchewan

Another type of open system investigation is a life cycle analysis. It is focussed on the deterministic potency of organizational age and development over time.

The Blakeney government's life cycle can be seen to be:

Entrepreneurial stage– The government's first task was to get elected. The key issue was survival. In 1970, the Saskatchewan NDP fashioned a new, dynamic, inclusive political platform. It was elected in 1971, and made implementation of several of its key strategies a priority, including the creation of DNS.

Collective stage– The organization began to take shape. This stage is emphasized in chapters 1, 2 and 3 of this book. Planners and professional managers were recruited, and departments and functions began to be defined. The organization began to establish its position, internal tasks were allocated and who had responsibility and autonomy to carry them out became important. Greater division of labour was established in Finance, Executive Council and line departments as the implementation and much of the planning function was transferred to line departments. By the second election in 1975, the Department of Finance had completed and the Department of Social Services was considering at major reorganizations.

Formalization stage– Coordination was a major concern by 1979, the date of the third election. An inter-departmental committee had been created to provide one-window and any-window coordination of applications for development projects. The Department of Intergovernmental Affairs was created. Evaluation and reducing costs had become preeminent concerns.

Elaboration stage (strategic change)– This stage involved developing a management training process to teach new skills and create change within the bureaucracy. Several senior bureaucrats such as Gary Beatty and Wes Bolstad left the government. Central agency bureaucrats were put into line positions, for example, Murray Wallace was transferred from deputy minister of executive council to president of Saskatchewan Government Insurance. The government lacked a source of new ideas.

The life cycle of the government is described in these terms in Table 6.

Table 6: Blakeney Government's Life Cycle

Entrepreneurial	Collective			Formalization		Elaboration	
1971 Election	1972-74	1975 Election	1976-78	1979 Election	1980-81	1982 Election	
Party slate: highly dynamic problem-solver	John Richards leaves Government.	Platform still dynamic, but very similar to previous one. Major new program- home care.	Peter Prebble leads oppositions to uranium dvmt	All-out effort to win election.		NDP expected to win. Platform financially conservative. Platform minimalist, Conservatives offered better new programs for middle class e.g., homemakers' pensions, mortgage subsidy, home repair program, tax cut.	
Platform develop-ed by Party	HRDA closed. DNS Research group let go.				Prebble ran for NDP, won.	NDP modified program part-way through election, to include less costly version of some of Conservatives' program. Tried to transform itself in mid-campaign.	

Many new ideas-144 in platform	Farm buying program de-empha-sized				
HRDA, DNS ResearchSc Coun elim'd.	Irritants reduced but in long-run dimin'd vitality, reduced no. ideas available to gov't.				

Many other life cycle analyses could be done. Each would give a somewhat different impression of the Blakeney government in its context, in relation to its environment. One approach to the Blakeney government as a life cycle is through the political sphere: Table 7 outlines the electoral life cycle of CCF/NDP governments in Saskatchewan since 1944, when the first CCF government was elected. In terms of life cycle and the appropriateness of strategies, the NDP in Saskatchewan can be seen to have succeeded in 1971 by adopting radical solutions in face of difficult economic challenges during a shift between historical periods, and subsequently to have faltered in 1982 by failing to adopt sufficiently revolutionary change strategies, in face of instability and radical policy proposals from the Conservative Opposition. The way social democratic parties in Europe and Canada have adapted themselves to the conservative political environment of the 1980s and 1990s and its notion of a reduced role for government could also be seen as adaptive in the life cycle analysis context.

Table 7: Life Cycle Model: The Political Cycle of the NDP in Saskatchewan

Birth/Rebirth	**Transformation**	**Death**
CCF/NDP Government - 1944-64	Agrarian base Participative, grass - roots party	Liberal Government - 1964-71
NDP Government - 1971-82	Agrarian, shift to urban base Conservatives more populist	Conservative Government - 1982-91
NDP Government - 1991- present	Primarily urban base	?

Were the Saskatchewan Processes Innovative?

In the discussion of this issue in chapter 9, it was possible to ask whether the Saskatchewan processes themselves were innovative. A discussion of determined processes must address the question from within the determined process. As would have been expected, an open processes allowed for more flexible and responsive and therefore potentially innovative approaches. A population ecology model recognized both incremental and transformational changes–not just incremental changes as the authors who identified correlates of innovation did. Both types of innovation were seen in the Blakeney government. If transformational change is

seen as a change in power relationships, this occurred in potash and in the other resource-based projects where Saskatchewan retained 50% ownership. The potential for a change in power was created in general for aboriginal people and in particular in the north, and in the workplace programs that were initiated and were being developed. ESP, the health and safety committees, and community colleges were empowering. In the administrative domain, the positive response to the ideas of public servants was the most empowering action the government could possibly have taken. The other valuable things they did–such as a program management system oriented to the needs of managers–were of a second tier of importance, but reinforced the theme of empowerment. Incremental change was introduced in many other innovations. A life cycle analysis also allowed for innovation, especially in the early stages of the cycle–which is exactly what happened. The numbers and magnitude of innovations introduced dwindled as the years went on. This was due to a combination of a lack of a source of ideas, concern about managing and funding the innovations that had been introduced, a declining rate of growth in the economy, and a preoccupation with economic development and the constitution.

The Saskatchewan government can therefore be seen to have been innovative, but the innovation followed patterns.

Conclusion

Innovativeness as an emergent government trait and process has been studied in Chapter 10. Saskatchewan was found to have been an administrative innovator, based on having created and adopted early 34 innovations, and to have exhibited the trait of innovativeness more than would have been expected of a government of its size, and more than have been identified for any other governments of any size at the time.

The study of open processes, population ecology and life cycles revealed determinants outside the control of the public service and the politicians affecting their futures and the outcomes of their strategies.

As with the voluntaristic analyses, and most deterministic studies, it was not possible, based on the data available in this study, to draw a conclusion about whether Saskatchewan was more administratively innovative than other governments.

Some of the strengths and weaknesses of the voluntaristic and deterministic approaches have been revealed. How the innovations were implemented can be identified, but what the key was to success has not been ascertained; the determinants and process can be identified and appropriate analytic categories can be identified, but each process remains seperate.

The Conclusion discusses the two approaches identified in chapters 9 and 10–voluntary and deterministic–and whether one seems a more appropriate and useful strategy for understanding innovation.

Conclusion: Is Innovation a Question of Will or Circumstance?
Eleanor Glor

Introduction

This book has analysed the innovation process in the Blakeney government two different ways. Sections I and II presented the perceptions of appointed and elected public servants who worked in the Blakeney government concerning how the government created its central agency and line agency reforms and innovations. They perceived the innovation process as both voluntary and determined. Section III examined the information presented about the innovation process in the previous sections in voluntaristic and deterministic terms, and conducted analyses of the Blakeney government in those terms. Has one approach proven to be superior?

Voluntarism: the Perspective of the Practitioner

Planned change and implementation can be considered sequential stages of the innovation process–the decision-making and implementation stages. The voluntaristic approaches of planned change and implementation are valuable to the practitioner. Under the constant pressure of political, client, stakeholder and employee demands, few managers have the time to analyze the issues or the processes they deal with in depth. Instead, they prefer recipes. Policy analysts spend some time on these issues, but tend to do so with a short-or medium-term focus, in the context of acceptability to ministers, deputies, stakeholders and clients.

A primary characteristic of the practitioner is his/her need to draw conclusions, and quickly. Studies focussed on the voluntaristic approach of planned change and implementation frequently draw conclusions based on a limited number of cases studied. These conclusions are about best ways to secure skills needed, motivate staff and manage issues. They identify best practices and lessons learned. The scientific method has demonstrated that drawing conclusions based on a limited number of cases is often invalid–but the pressure is on, so it is done. This leads to an approach that says some change is better than no change, any direction is better than no direction. In this environment that refuses to accept uncertainty, every action is a either based on a formula of some sort–tradition, best practice, good management–or it is an experiment. Failure is frequent, but often hidden. Sometimes the results are treated as successes, even when they are not. Failure is ignored or abandoned, but not explored for learning. A great deal of promotion but little evaluation occurs. Unfortunately, in this environment little learning occurs and the predictability of action remains uncertain. It can be wasteful and even dangerous.

Is Innovation a Question of Will or Circumstance? has described administrative processes used by the Blakeney government to introduce, manage and evaluate innovation. The length and comprehensiveness of the government's policy innovation agenda created a complex administrative challenge. Focussed not on the policy changes but on how a great deal of innovation was planned and implemented, this book outlined management strategies in the central agencies, in economic planning, and in three line departments. It addressed the key functions that needed to be carried out–communications and coordination. It also answered three questions: What were the Saskatchewan government administrative innovations? What was needed to implement the agenda? What were the internal correlates of innovation?

From the voluntary perspective–that of the public servant, the following identifies strategies used by the Blakeney government to carry out this agenda, compares the strategies to those being used today, and explores the relevance of the Saskatchewan experience innovating in the 1970s for change management and innovation today.

Lessons Learned from a Voluntary Perspective

Glor (1997a) identified five factors essential to the capacity of the Blakeney government to produce and implement innovative policies: public acceptance, readiness, commitment, excellent management and a results-oriented outlook. How these conditions were created in the

Blakeney government has been explained in *Is Innovation a Question of Will or Circumstance?*. These strategies were:

    Base action on values. The Saskatchewan NDP had roots in the agrarian, labour and social gospel movements of the 1910s to the 1930s, as well as in the social democratic Fabian movement in Great Britain. Its values were clearly identified and delineated in its election platform that guided the government throughout its three terms.

    Engage and empower the public service. To innovate successfully, the government and the public service leadership developed strategies to empower a moribund bureaucracy. Many existing public servants shared the public's desire for fundamental alterations to government. Management also used empowering strategies: innovative ideas were sought out and listened to, innovative performance was rewarded, jobs had a good deal of variety. For many employees, their jobs had personal relevance, appropriate autonomy and control, low levels of routine and rules, and high advancement prospects, the conditions of empowerment (Conger and Kanungo, 1988: 476-480). Respect from the Premier, ministers and senior management was the most important currency for public servants, and the opportunity to work on important issues, and create useful innovations gave public servants the will to do their best.

    Newly recruited staff wanted to change government, partly because they came from the baby boom generation for whom change was a positive quality (Glor, 2001a). The government recruited its some key leaders from outside the government.[119] They in turn helped to create a dynamic of eagerness to change. When the early period of dynamism ended, Bolstad and Beatty left the government, Beatty returning to head up the Crown Investments Corporation.

    For the most part, the government maintained good relations with the government's unions, including public service unions, health care unions, and crown corporation unions. The government introduced progressive labour legislation, recognized the public servants' right to strike and required legislation–i.e., public debate rather than a Cabinet order–to force public sector strikers back to work if this was necessary. It introduced programs and experiments promoting labour empowerment through workplace occupational health and safety committees, work environment boards and an experiment in union membership on a Crown corporation board of directors. (Chapter 8) But this was a period of labour unrest in Canada, Saskatchewan supported wage and price controls, and unions had very high expectations of their NDP governments. Toward the end of its term, the NDP government suffered two painful strikes by the health services unions and the public service union (Chapter 6). NDP governments in British Columbia and Ontario previously and subsequently would also run into formidable problems with unions.

    Accept and balance tension. Tension existed between central agency control and line department autonomy (chapters 2 and 6), among central agencies, and among departments. Tension also had to be managed between central agencies and Cabinet (chapter 1). When competition was unhealthy, as it sometimes was between the Planning Bureau and Budget Bureau, and between Cabinet and central agency bureaucrats, it did not enhance innovation (chapters 1 and 2).

    Plan. The party and the government searched actively for better ideas, policies and approaches. A commitment to planning grew out of the T. C. Douglas government, and was strengthened in the Blakeney government. Planning was essential to an administration introducing many innovations at the same time. A strong policy planning and financial

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[119] Garry Beatty and Wes Bolstad were recruited from the Faculty of Administration at the University of Regina. The Romanow NDP government twenty years later also engaged a public administration academic, Gregory Marchildon, to be Secretary to the Cabinet, as the federal Liberals engaged David Zussman to handle the transition when they came into power in 1993.

management capacity was crucial–this was revealed in Saskatchewan then and is today, for example, in New Brunswick and the federal government.

Be timely, but avoid haste with initiatives that require innovative processes or public input. Successful and timely implementation of the change agenda reinforced political support and created momentum. Because the agenda was implemented so quickly, politicians realized political dividends from the innovation agenda and continued to support the existing agenda. This gave the public service the time and opportunity to implement the innovations fully. Haste sometimes prevented the introduction of the fundamental changes favoured by both ministers and the NDP, for example, in the development of northern Saskatchewan. It did allow the government to announce the creation of DNS in its first budget, however (*Budget Speech*, March 10, 1972). Fortunately for innovation in Saskatchewan, the Premier and Cabinet remained firmly committed to and paid attention to their political platform, the government's support from the populace remained strong enough to allow the government three terms, and the public service had adequate time to implement many innovations fully. The dental plan, for example, took many years to be applied to all children under 16.

Use alternate delivery mechanisms when appropriate. By forming new crown corporations, Saskatchewan used what is known today in the Canadian federal government as alternate service delivery and in the United Kingdom as an arms length agency. According to the federal Treasury Board, alternate service delivery is the most appropriate means used directly by government or in cooperation with other sectors (Treasury Board, 1995). Saskatchewan's crown corporations were a useful tool for implementing new strategies. While Saskatchewan's focus was on economic development through crown corporations, and the major emphasis now is on privatization and improving service to the public, both have effectively used alternate service delivery to meet their objectives.

Secure funding. Contrary to popular images of NDP governments, the Saskatchewan NDP of the 1970s, like its CCF and Liberal forerunners and its NDP descendants, was committed to living strictly within its means. Deficits were rejected as an inappropriate means to fund initiatives.

Proceed incrementally and pragmatically. Be Flexible. Jerry Hammersmith and Bob Hauk made an important argument in chapter 5 for the need to use a more innovative policy development process in DNS. Generally, however, an incremental strategy worked well. The children's dental plan, day care and home care, for example, were expanded gradually as new staff were trained, administrative and governance structures were created, and resources could be made available. As in potash, this incremental, measured approach ultimately produced transformational results–the government gained control of the potash industry, para-professionals, parents and communities gained power, a complete health system was created consisting of insured medical services, hospital services, drugs and home care (Hall, 1964). As Laux and Molot (1978: 843) pointed out concerning potash, however, "NDP practice merely followed already established norms of capitalist development.": Statism in the 1970s was a trans-ideological practice. For the most part, the impact of change on power relationships was not fundamental. Opinions still vary about whether this was the best approach, but it was successful for eleven years.

Engage the public. In the early 1970s, few jurisdictions engaged the public in program development and delivery, even fewer developed structures to facilitate responsible public participation in the policy-making process. The NDP was based on a tradition of active party membership participation in policy formulation, and the government developed several innovative processes for public consultation and participation. The Saskatchewan model of external ministerial program advisory committees was sometimes effective, but at the federal level it had come to be perceived as an expensive process by the 1980s, and many committees were abolished in the early 1990s. In Saskatchewan, provision for public input was incorporated into the planning and operations of many programs, and some comprehensive policies were developed through consultative processes, such as uranium policy and urban aboriginal policy.

Current calls for citizen engagement and more input from civil society in which non-government organizations would play a much larger role in government, may lead to a more determined model of public participation.

Keep the support of interest groups and client groups. While the political arena had mechanisms for consultation and securing feedback, such as NDP meetings and conventions, elections and the annual Premier's tour of the Province, the public service had its own methods for taking readings of public opinion. These techniques only rarely included polling, which was too expensive. In a small province, those seeking funding met with ministers and deputy ministers. Programs sought direct input from representative organizations, program users, employers and citizens. Advocacy funding was provided to facilitate participation and to empower community and disadvantaged groups. Public input was sought on the moral as well as the economic issues before development of two controversial uranium mines.   These avenues gave ample exposure to those who were dissatisfied, but the confrontational exchanges often failed to give public servants new and acceptable options to respond more effectively to the public mood. Although the Blakeney government did not have a client-service orientation, as recommended in today's market models of government (Peters, 1996), it sought input from clients, and tried to serve them well. It did so by facilitating their making application for authorizations for economic development projects and by building a model of self-governance for day care, home care and community-run programs. At the end of the government, maintaining support was difficult in an environment of declining resources, inflation and a change in the dominant political ideology throughout the western world.

Communicate effectively. The credibility of government is in many ways determined by the effectiveness and perceived honesty of its communications . For twenty years, all governments, including the Blakeney government in its later years, have been having difficulty generating understanding and maintaining public sympathy for their functions and approaches.

Communication with the public was in its infancy in the Blakeney government. The entire government had one press officer, located in Executive Council.

The government's capacity to keep the good will of the federal Liberal government was not very effective. Relations with the federal government were an important management issue, and included efforts to coordinate with federal ministries, create federal-provincial agreements and committees, joint consultative processes, and repatriation of the constitution in 1982. Political interactions with the federal government were also sometimes difficult, due to political and constitutional differences over potash, followed by a troublesome series of court challenges in which the federal government opposed the Saskatchewan position. This background of issues and differences of perspective about the appropriate role of the courts and aboriginal people during the constitutional negotiations led to creation of a provincial Department of Intergovernmental Affairs.

Coordinate, create inclusive understanding and use comprehensive approaches. Coordinating internal activities improved the capacity of the government to focus, refine and communicate its efforts. As later in the federal government, senior analysts of the Budget Bureau were responsible for entire sectors–education, health and social services, economic development, the north–so they had the scope necessary to perform this function. Some new tools were developed for internal coordination, such as both horizontal *and* vertical expenditure review. Structural solutions were also used such as creation of a horizontal department for the north. The active involvement and watchful eye of the Premier assured linkages were made as well.

The government also created comprehensive and horizontal programs, including the social planning initiative to deal with aboriginal issues, establishment and funding of a comprehensive department for the north, the preventive health initiative and the economic development committee that facilitated economic projects. Once a year, the Premier reported to the annual NDP convention on his government's success in implementing the party platform.

Do evidence-based decision taking. The Blakeney government's rational approach to decision taking facilitated this approach. So did its emphasis on developing evidence and

comprehensive reporting. Program-based budgeting and evaluation was introduced to assess the cost and success of programs. Comprehensive and consolidated reporting of both crown corporation and government finances allowed the government to monitor, control and report upon its finances effectively and, together with careful management of revenues, aided the government in maintaining a balanced budget. The creation of the Crown Investments Corporation also facilitated comprehensive reporting and solutions in the crown corporation sector. Likewise the Premier's annual report to the Party on progress with programs created an evidence base. These agencies and tools facilitated comprehensive analysis of the government's activities, and created information bases and control mechanisms needed across domains.

Be accountable. Prudence and frugality were linked to a commitment to fiscal accountability. Saskatchewan was an early innovator in striving for full disclosure of the financial dealings of the government. Unlike other governments, Saskatchewan reported tax expenditures and Heritage Fund activities in the budget speech and estimates. Consolidated reports were prepared for the first time for the Heritage Fund, the Crown Investments Corporation (crown corporations), and the Consolidated Fund (government),[120] an approach looked upon favourably by the financial houses. The federal move about the same time to produce a department-by-department disclosure through introduction of Part III of the Estimates, together with the Saskatchewan alignment of fiscal years and analysis and publication of the province's economic and fiscal situation in both the government and Crown corporation sectors, introduced a new era of government openness in Canada. This candour was further enhanced by access to information legislation.

A focus on results or keeping the end in mind, in Steven Covey's terms (Covey, 1989), made the job clearer and in some ways easier. Answering the questions asked, creating the programs and services promised, and serving the public well was the focus. Accountability was created through the budget process, programs were assessed through the yearly Program-Based Management Information System (PMIS)-based setting of program objectives, measures, outputs and outcomes; the Budget; and the Premier's annual report on progress on the political agenda to the NDP convention.

Identify risks, address problems and failures in a timely manner. Many inactive governments allow problems to develop and fester until they must be addressed. The innovative and activist NDP and the Blakeney government tracked problems and dealt with problems; for example, it abolished HRDA, the Saskatchewan Science Council, and the planning group in DNS, and constrained ESP. While the government was unwilling to accept internal opposition, it was willing to accept and fund external advocacy groups such as the Metis and Non-Status Association, the Federation of Saskatchewan Indians and social advocacy agencies. Funding their left-wing opposition was not a comfortable position for the government, but support was strong for such funding both within the government and the NDP.

All governments face problems not all of them deal with their problems effectively. Governments that did not address pension liabilities during the 1970s, for example, continue to fear the consequences under the watchful eye of financial houses, and have been forced to raise contribution rates, reduce eligibility or raid pension fund surpluses. Saskatchewan's action to create fully funded pensions invested in the marketplace predated similar federal action on the Canada Pension Plan and its employee plans by 20 years.

With no deficit and no debt, Saskatchewan's financial situation was better than that faced by most current governments wishing to innovate; still, the principles, strategies and processes used to manage innovation in Saskatchewan are relevant for innovative governments today. In

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[120] The Consolidated Fund is the mechanism through which governments receive and dispense funds for government operations. Crown corporations and loans to agencies outside government are usually funded outside the Consolidated Fund.

developing its management strategies, the Saskatchewan government may have created a basic understanding of how to manage innovation and change.

Determinism: an Analyzers' Perspective
While the previous section explored learning from the Blakeney government's processes from the perspective of management, planned change and implementation, this section looks at them from the perspective of the observer and analyser. It considers the determinants of emergence and processes used in Saskatchewan and asks what seems key to successful innovation from a determinants perspective.

Interest in the determinants of innovation has waned during the 1980s and 1990s, and funding for studies has largely disappeared. While the dominant model among organization behaviour theorists and sociologists is currently the open systems models outlined in Chapter 10, public administration analysts have not generally adopted this focus.

The Perspective of the Observer
Determinism–emergent change and processes–focuses on what causes innovation to occur as it does. It represents ways to analyze the innovation process, and understand it from the outside, as determined by history and context (Leavy and Wilson, 1994). While potentially more objective than the participant's perspective, the practitioner often takes the position that the relevance of the observer's perspective needs to be demonstrated. Canadian practitioners today do not read much, and when they read, their primary choice is private sector-oriented *how to,* voluntaristic material such as the *Harvard Business Review* (Gow, 1994). The atmosphere in government could be argued to be anti-intellectual both on this basis and on others (e.g., Glor, 2001b). Typically, practitioners ignore the academic observer's viewpoint, unless it is needed for a specific purpose.

The deterministic perspective has the same weakness as the practitioners'–only rarely can conclusions be drawn with confidence. This situation is dissatisfying to the practitioner, but reflects the understanding of science, health, and social action today. The same is true of the understanding of change and innovation. The nature of the innovation process is uncertain.

Lessons Learned from a Deterministic Perspective
What has been learned by taking a deterministic approach in this study? The following points are offered for consideration.

Reality is not simple. It is therefore an empirical error to treat it as if this were true.

What happens in government is largely determined by what happens outside. Government does not control very much of its environment, despite the power it exercises, the resources it controls, and its attempts to do so. Even totalitarian governments that have made it their objective to control their society have ultimately been unsuccessful.

Public servants require knowledge of and a feeling for the broader environment. Although politicians are a major source of information on the external environment for public servants, and are an important interpreter of that environment, without knowledge of and a feeling for the broader environment of the government–historical, political, social, cultural–public servants cannot provide good advice to ministers. One of the key risks for public servants who work too much face and spend too much time with the ministers they serve is getting out of touch with the society they serve.

Processes are important. The way things are thought about and done determines what can be thought and done. The notion that governments should or should not be involved in certain kinds of activities, that urgent is more important than right: these ideas (and especially dogmas) determine what governments can conceive of themselves as doing. Likewise, the processes used to determine what government can do will reflect back the values and issues that framed the process. While the process that occurs to create innovative outcomes grows out of

unique inputs, appropriate processes can help or hinder the creation of innovation within that process. Intellect, flexibility and openness are key to innovation.

Understand the basics. In the busy government environment it is easy to forget about the broader determinants at work in society and in government. The focus on the immediate, the tendency to treat four years as the long term because of the political cycle, frequently turns public servants away from fundamentals to deal primarily with the immediate. This leads to bad government. Even if we can perceive the determinants affecting our clients', public servants' inability to perceive the factors that determine our own ideas and actions, is a major weakness.

Consultation is crucial. Public servants need effective means for reading the public and stakeholders and gaining good ideas from them. Rather than providing better means for controlling people, and bending people to the government's will, those mechanisms must be means for empowering them to provide guidance to government. This does not mean single-issue groups should be given the opportunity to control their area of government. It does mean that elected and appointed officials must have good information about the population's needs and opinions in order to serve them well. It does mean the public and interest groups must take a responsible and informed approach to providing advice.

Adapt to the environment. The environment or culture–both external and internal–determines the innovations that are wanted and acceptable.

Public servants are often in conflict. Public servants must balance two very different roles: that of servant of the minister and servant of the public.

Space and time compete. Time and space are often in conflict. Governments must deal with both.

Open models help. Open models of the innovation or change process help both practitioners and analysts to consider what the inputs and outputs of government are, the historical and organizational context in which they are functioning, and how they can interact with their environment.

Overall, maintenance of open systems, understanding of determinants, and attention to processes are important for practitioners. Wilson's criticism of management writers for their narrow focus is supported by this study, as is his urging that practitioners and academics alike take a more reflective approach. This book has attempted to do so.

Innovation in Saskatchewan: a Question of Will or Circumstance?

The authors of this book did not typically see innovation as voluntarism or determinism, but as a mixture of the two. Frequently innovations were initiated by will, followed by a period of uncertainty in which negotiation, power, choice, and the interaction of many factors played a role. Wallace, Glor, Kramer, Gentles, and Snyder emphasized the voluntaristic aspects of innovation, seeing the innovations they examined as defined and implemented through planning, decisions taken, structures, processes, and individual contributions. PMIS, for example, was adopted by the government, financial health was created by careful planning and actions, the decision was taken to use a cheaper surfacing method on highways, a package of labour reforms was systematically introduced.

While the authors ascribed voluntarism to the innovation processes, they identified many deterministic aspects as well. Wallace saw PMIS emerging as the best choice among several competitors being proposed and adopted outside of the Saskatchewan government. There was no sense of *one best way*. The well-researched choice was chosen because of its potential to serve the needs of line departments, as well as central agencies. An internal governmental cycle of centralization and decentralization could be seen at work here. The innovation was not imposed by will but adopted willingly. The budget process was seen as competitive and iterative. Long-term fiscal accounting, the Heritage Fund and the adjustments to pensions were all adaptations to Saskatchewan's boom/bust economic cycle. Revenue modelling and economic modelling were both bottom-up and evidence-based inputs to financial decision making that competed with political considerations. Planning was stabilized by the government's adherence to its political

platform. Cabinet and the Cabinet committees were a collegial decision making system, and deputy ministers, not Cabinet ministers, were responsible for coordination.

The economic development strategy was based on specialized crown corporations combined with central coordination that required little of the corporations. Competition occurred between central agencies and line and crown agencies. The economic strategy was based on finding natural, specialized niches. Some specialization was temporary, such as the Potash Secretariat.

Kramer and Gentles describe a department of transportation functioning independently and voluntarily in competition with central agencies, but seeking broad-based input and cooperation with suppliers and the public. Communications internal to the government worked well, but external communication was rudimentary and too specialized, relying very much on the Premier. The labour innovations were introduced in a competitive environment, and shifted the ecological balance toward employees by controlling the maximum hours employees could be required to work, legislating information workers must have, creating rights to refuse unsafe work, and seeking to give workers more control in the workplace. While these reforms and innovations are described as coming into being because of the government, conflict with unions, employers and works is also described. While a decision was taken to gain more control over potash and more revenues from it, the process was iterative and the solution emerged from the process.

The development of DNS was an attempt at a top-down decision to engage Northern people, but it quickly became a competition for a new ecological niche, in which one group left and the others were left with the spoils, but the results were dysfunctional. Hammersmith and Hauk argue that greater openness and diversity of input to the decisions would have produced stronger institutions and programs, and more efficient and effective programs which were better adapted to northerners' needs. Although they use a voluntary argument, they are arguing for a more open process instead of a closed competitive environment.

Conclusion

Some 1970s Saskatchewan innovations and approaches have been adopted by other governments. As the population ecology model suggests, innovations are adopted selectively. Not all innovations of a social democratic government are of interest today, not all innovations are ever copied and dissemination is frequently a slow process: Stuart Conger found that new educational inventions took 50 years to be introduced in half the schools and technical innovations took 15 years to be disseminated to half the potential users (Conger, 1974: 7). How long public administration innovations take to be disseminated is not known, but it feels like the rate has accelerated. Many Saskatchewan process innovations remain not only relevant but also potential improvements that have yet to be realized. From one perspective, adoption needs to accelerate; from another, it needs to become more conscious and consistent with its organizational and societal environment.

With its combination of favourable circumstances, successful strategies for implementing and managing innovations, commitment, action on problems, focus on results, professional approach, minimum of failures, and some process fit, the Saskatchewan public service of 1971-82 implemented a major change agenda and a great many innovations within a balanced budget. The processes utilized and created to accomplish this agenda were effective, for the most part.

As this book has demonstrated, innovation in the Saskatchewan government of 1971-82 was both a question of will and circumstance. A gifted, bureaucratically savvy premier provided low-key but pointed leadership to a government that moved ahead with both incremental and transformational innovation. What those innovations were–the areas they dealt with–were determined by the tasks the government faced, both internal to the government and vis-a-vis the economy and the public. While the government did not *solve* any of the province's economic problems, it found a model in the new private sector model of joint ventures that would potentially have allowed the province much more control over the ups and downs of its economy,

and had begun to create, in Saskatchewan, head offices that produced white collar instead of just blue collar production jobs. At the same time, this kind of planned economy was anathema to the developing neo-conservative political environment in North America and world-wide. The government understood Saskatchewan's political and social environment in the 1970s. It knew that there was some openness to radical economic action, but that there was a generally conservative social mood as well. The economic and social boundaries were pushed, but the environment of openness and experimentation that grew out of the dramatic political change of the 1930s combined with the political upheaval of the 1960s and 1970s did not last. With the neo-conservative backlash of the 1980s, much of what the Blakeney government had created was dismantled. The Devine government's focus on the public service as part of the problem was consistent with the conservative, economic-man concept brought to government and inherent in the New Public Management (NPM) that accompanied the notion of a reduced role for government.

The life-cycle of government in Saskatchewan subsequently brought another NDP government to power in 1991. This NDP government absorbed the changed values of the 1980s and 1990s, and adopted some of the principles of the NPM, such as decentralization, into its agenda. But, within that context, it also moved forward with traditional NDP principles such as greater equality through its important role in creating the national Child Tax Credit, the National Children's Agenda and the successful negotiations with the federal government to reimburse, in the 1999 federal budget, some of the cuts to the education, health and social transfers introduced in 1995-97. And so the cycles continue.

All this said, can *Is Innovation a Question of Will or Circumstance?* claim that it has identified what is key to successful innovation? Yes and no. *Will or Circumstance?* has identified some of the factors that came together in the Blakeney government. The combination of will and opportunity that created the desire and an openness to innovation would look different somewhere else, but it would be recognized by those living it. This book has produced some generalizations, but its ideas have not demonstrated a predictive power. Research is needed that tests out the propositions that are made and used–both voluntaristic and deterministic. A powerful theory, as opposed to a weak theory, of innovation would be able to predict which governments would be innovative, and the impact of innovations. We are not there yet, with individuals or organizations, including governments. This failing is not restricted to innovation–human behaviour remains unpredictable, even if many patterns can be recognized.

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