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THE ROYAL COMMISSION ON GOVERNMENT
ORGANIZATION:
A STUDY IN BUREAUCRACY AND INNOVATION
by M.C. D'Avignon, B.A., D.P.A.

A thesis submitted to Carleton University
in partial fulfillment of the requirements
for the degree of Master of Arts in
Public Administration

School of Public Administration
Carleton University
Ottawa, Canada
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The undersigned recommend to the Faculty of
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A Study in Bureaucracy and Innovation"

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ABSTRACT

This study constitutes a case study in bureaucracy and innovation. It examines the Royal Commission on Government Organization and its implementation in the light of prevailing theories of bureaucracy and innovation, and explores the following questions: "Why did major structural change only come about after an external change agent was created?" and "Why and how were the "Glassco" recommendations in financial and personnel management implemented?" The argument presented herein is that, prior to the "Glassco" inquiry, the Canadian federal bureaucracy was a bureaucracy in the classical sense and, therefore, suffered from the dysfunctions inherent to this type of organization. It is argued that such major dysfunctions as the bureaucratic veto system, goal displacement and the career perceptions of senior bureaucrats militated against the promotion of change from within the bureaucracy. Finally, in discussing the implementation process, an attempt is made to demonstrate how these dysfunctional variables were overcome.

TABLE OF CONTENTS

PREFACE.....	i
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Chapter

I	BUREAUCRACY AND INNOVATION.....	1
	Bureaucracy and Innovation	
	The Increasing Importance of Organizational Innovation	
	Traditional Bureaucracy and Its Dysfunctions	
	Bureaucratic Innovation: Some Theoretical Considerations on the Process of Implementation	
II	THE ROYAL COMMISSION ON GOVERNMENT ORGANIZATION.....	26
	The Origins of the Royal Commission on Government Organization	
	The Nature and Task of the Royal Commission on Government Organization	
	The Procedures and Internal Organization of the Commission	
III	THE ROYAL COMMISSION ON GOVERNMENT ORGANIZATION: FINDINGS.....	58
	Financial Management in the Canadian Public Service	
	The "Glassco" Commission's Findings	
	Personnel Management in the Canadian Public Service	
	The "Glassco" Commission Findings	
	Conclusion	

IV	THE AFTERMATH OF GLASSCO: THE PROCESS OF IMPLEMENTATION.....	86
	The Process of Implementation: An Overview	
	The Bureau of Government Organization and The Committee of Senior Officers: The Agency and The Means of Change	
V	THE LEGACY OF GLASSCO: FROM RECOMMENDATION TO REALITY.....	120
	The Implementation Activities in the Financial Management Area	
	The Implementation Activities in the Personnel Management Area	
	CONCLUSION.....	139
	APPENDIX I.....	148
	APPENDIX II.....	152
	APPENDIX III.....	154
	SOURCES CONSULTED.....	157

PREFACE

The analysis of the structures and behavior inherent in the institutions of "big government" and "big business" has long captivated and mobilized the interests and resources of organizational theorists and social psychologists. However, the increasing importance of a new variable -- that of change -- has added a new emphasis to the study of organizations. It has fostered a preoccupation with organizational innovativeness.

Faced with the rapid rate of change and the advances of modern technology which have come to characterize contemporary society, scholars and practitioners alike have been asking themselves if our present institutions, their structures and operations, will be adequate for the demands of tomorrow. A feeling seems to prevail which suggests that an organization's capacity to innovate will increasingly determine its chances of survival in the future. This realization has brought students of the question to focus their studies and analyses upon the dysfunctions of bureaucracy which stifle or otherwise hinder internal bureaucratic innovative activities.

Canada's Royal Commission on Government Organization stands as one of the most striking manifestations of bureaucratic innovation and illustrates some of the structural issues of innovation. It performed what most assuredly is tantamount to an autopsy of the structures and workings of the Canadian Public Service and made recommendations designed to cure its ills.

By far the most intriguing aspect of the Glassco Commission is the fact that a good majority of its proposals were implemented. Considering the fate of the numerous royal commissions which preceded it, as well as the scope and depth of its inquiries, this is an unprecedented occurrence making Glassco one of the foremost benchmarks in Canadian administrative history.

However, the Glassco Commission has remained, in general, unexamined. To date, no comprehensive study has been undertaken which would provide answers to the many queries to which the Commission has given rise. Perhaps foremost among these queries are the following: "Why and how were the Glassco recommendations implemented?" and "Why did major structural change occur only after an external change agent, such as the Glassco Commission, had been created?" Hopefully this study will provide an answer to these questions.

Certain limitations have been imposed upon the scope of this study. Because of the range of the Commission's inquiries and recommendations, it is quite obvious that no attempt can be made to bring the totality of Glassco within the province of this analysis. The study will therefore centre upon the major financial and personnel recommendations. These two areas are obviously critical and central aspects of the bureaucracy and an examination of them will help us assess how bureaucracies change their central assumptions about personnel and financial activities.

Moreover, it is impossible to ascertain the reactions and implementing activities of the individual governmental departments. Because of this, our focus, in considering the implementation process, will be upon the Bureau of Government Organization and the Interdepartmental Committee of Senior Officials responsible for the study of the applicability and acceptability of the Glassco proposals for the Canadian Public Service.

(iii)

The purpose of this analysis, as the reader may already have assumed, will be the study of the development and the implementation of the Glassco Commission's recommendations in the light of the prevailing theories and concepts of bureaucratic innovation. The intent will be the determination of the extent to which the Canadian experience in this case reflects or modifies the propositions regarding innovation in complex bureaucracies.

A word must also be said about the study's approach. Both the formal institutions and the informal structures involved in the implementation process will be considered. To the extent that it is possible, the roles played by groups and individuals in the support or rejection of the Glassco recommendations regarding financial and personnel management will be examined. It is hoped that, as a result, the relevance of prevailing approaches to the study of bureaucratic innovation will be assessed. In order to attain this end, it has been necessary to use both confidential interviews and documents as primary sources in order to complement the existing and somewhat scattered published sources of information.

Finally, the successful completion of this project rests upon the kind and unconditional assistance of several people. For fear of omitting some, I mention none, but extend to all my sincere gratitude for their efforts and support. I remain, however, wholly responsible for any errors which may be found herein.

CHAPTER I

BUREAUCRACY AND INNOVATION

In attempting to characterize contemporary society it has become commonplace to speak of the rapid rate of change and of the ubiquity of formal organizations. This is inescapable because, in a very true sense, they have become integral components of our total ecology and, by virtue of this fact, condition and determine, to a large extent, our actions and reactions.

Contemporary society is also an adaptive society. The knowledge explosion, largely responsible for our rapid rate of change, has forced us and our institutions to change. These changes may be evolutionary and imperceptible or radical and oftentimes painful and disruptive. The end result of these trends has been the imposition of

the adaptive characteristics of physical organisms, faced with the needs of survival, upon our societal structures. As appendages to our life, as well as the external framework of our civilized existence, these structures must now also change and adapt or cease to function. As with all physical organisms, the vitality of our institutions "...depends upon how well the mechanism responds to the aging process and to environmental change."¹

Change, regardless of the imperatives of survival, does not, however, come easily to these large institutions. Herein lies the problem. Traditional organizational design and inbred behavioral tendencies have fostered a marked degree of inflexibility and rigidity as well as a particular mentality which seem to militate against change and innovative activity. To be more precise, these institutions have developed mannerisms which effectively discourage and usually prevent innovative activity.

The result is a dilemma, ominous in its ramifications and possible effects. On the one hand lies the imperatives of change and survival and, on the other, rests the inadaptability of organizations because of structural and behavioral deficiencies.

This chapter will restrict itself to the consideration of the theoretical dimensions of this dilemma as presented within the confines of organizational theory. To do so, we must first define the two core concepts of the study, namely bureaucracy and innovation. Having done this, we shall attempt to identify certain environmental variables which have contributed to the increasing importance of change. Following this

(1) M.E. Dimock, Administrative Vitality. (N.Y.: Harper & Brothers, 1959) p. 9.

identification, consideration will be given to the Weberian stereotype of bureaucracy and its dysfunctions. Finally, the proposals related to promoting bureaucratic innovation will be considered.

Bureaucracy and Innovation

Bureaucracy and innovation constitute the two core concepts of this study. Because of the ambiguity which surrounds their meaning, it is necessary to provide some clarification as to the meaning attached to them within the confines of this study. A note should be added at this point to the effect that no attempt will be made to review the vast panorama of semantic meanderings associated with either term.

As used colloquially, bureaucracy has a highly pejorative connotation. In this sense, it has become synonymous with inefficiency, waste and red tape. Bureaucracy, in this study, will be used descriptively, as a term of art, without pejorative connotations.

Viewed in historical perspective, the term bureaucracy is closely associated with the Weberian analysis. The term, as used by Weber, referred to a specific administrative apparatus intimately linked to a particular type of social domination or authority structure classified as legal authority. A bureaucracy was, in this context, an agency

" ... directed by a civil servant who alone was responsible for the actions of his subordinates; these simply exercised the authority of the man at the top. ... Implicit in the term was a strong suggestion to the effect that this structure imparted efficiency."²

(2) F. Morstein Marx, "Aspects of Bureaucracy" in J.E. Hodgetts and D.C. Corbett, Canadian Public Administration (Toronto: The Macmillan Company of Canada Ltd., 1960) p. 10.

The underpinnings of this definition, namely the concepts of efficiency, hierarchical authority and responsibility patterns as well as the legitimacy of authority exercised through the hierarchical structure, remain key concepts in modern organizational analysis and design.

However, more recently, the term bureaucracy has been extended to include both public and private organizations. With this broadened scope, it is defined as

" ... a type of structure manned by trained personnel who are grouped in specific command relationships." 3

In this definition, the previously identified concepts are reiterated with the addition of a new element, namely that of trained personnel staffing the structure. As we shall later see, this does not constitute a new dimension of the concept of bureaucracy.

In this study, bureaucracy will refer to a particular perception of the organization. According to this perception, a bureaucracy is a monocratic organization which appears as

" ... a great hierarchy of superior-subordinate relations in which the person at the top, assumed to be omniscient, issues the general order that initiates all activity. His immediate subordinates make the order more specific for their subordinates, the latter do the same for theirs, etc., until specific individuals are carrying out specific instructions. All authority and initiation are cascaded down in this way by successive delegations. There is complete discipline, enforced from the top down to make certain that these commands are faithfully obeyed. Responsibility is owed from the bottom up. Reports on the carrying out of orders and the results obtained flow upwards to the top where they are compared with top management's intentions. As a result of this comparison, orders are modified and again flow down the line, and the cycle is repeated. The organization is perceived to be a feedback loop.

(3) F. Morstein Marx, "Aspects of Bureaucracy" in J.E. Hodgetts and D.C. Corbett, op.cit. p. 11.

To assure predictability and accountability still further, each position is narrowly defined as to duties and jurisdiction, without overlapping or duplication. Matters that fall outside the narrow limits of the job are referred upward until they come to a point where there is sufficient authority to settle the matter. Each person is to receive orders from, and be responsible to, only one other person -- his "superior".⁴

This perception demonstrates the essential features of a bureaucracy.

These are: (1) a hierarchical structure of office and authority; (2) clear command relationships; (3) expertise; and (4) a control orientation to ensure predictability and accountability.

Finally, in terminating this elucidation of the term bureaucracy, it is imperative to note that this type of organizational structure, because of its control orientation and accentuation of the values of predictability and reliability, does not accept conflict as legitimate and tends to depress creativity and innovative activities.⁵

The second core concept of this analysis is that of innovation or, more precisely, that of organizational or bureaucratic innovation. Webster's New World Dictionary defines innovate as "... to introduce new methods, devices, etc.; makes changes; bring in innovations." It further defines innovation as "... something newly introduced; new method, custom, device, etc.; change in the way of doing things."⁶

The essential dimension of innovation brought to light from these definitions is that of the introduction of change. Implicit in the notion

(4) Victor A. Thompson, Bureaucracy and Innovation (University, Alabama: University of Alabama Press, 1969) pp. 15-16.

(5) The reasons for this tendency will be presented in our discussion of the pathologies of bureaucracy. See Infra pp. 15-21.

(6) Webster's New World Dictionary. College ed., (Toronto: Nelson, Foster & Scott Ltd., 1962). p. 753.

of introducing change is that of implementing it. Innovation, in its dictionary sense, therefore rests upon the related notions of the introduction and implementation of change. This change can be introduced into processes, tools, outlook or objectives.

For the purposes of their study, Becker and Whisler have sought to differentiate between the concepts of organizational innovation and organizational change or adaptation.⁷ They nonetheless make the reservation that organizational innovation is part of the latter process.

The rationale behind this dichotomization lies in the fact that

"... writers identify the novelty of the proposed or adopted change in reference to the organization's history rather than to the history of the organization's environment. Thus every change becomes an innovation simply because it has not been done before by that particular organization." ⁸

They therefore propose that innovation be defined as "... the first or early use of an idea by one of a set of organizations with similar goals." ⁹

Obviously, this suggestion is unacceptable for the purpose of this study. Viewed in this manner, the Glassco Commission's recommendations or their implementation do not constitute innovations or innovative activities. Moreover, I do not consider it valid to suggest that an innovation or an innovative activity, which simply constitutes a divergence from past practices, is not an innovation. Surely, the question rests on the choice of criterion. The suggestion would be valid, in my estimation, if the activity is nothing more than a slight divergence from past organizational practices. However, if the activity compels a radical departure

(7) S.W. Becker and T.L. Whisler. "The Innovative Organization: A Selective View of Current Theory and Research." (Journal of Business 40: 4 Oct. 1967) pp. 462-469.

(8) Ibid. p. 463

(9) loc. cit.

from established methods of work, organizational design and outlook, then it is surely innovative. A truly innovative activity is therefore one which exacts radical and extensive changes in organizational structure as well as an extensive reorientation in the outlook and behaviour of the staff.¹⁰

Furthermore, this suggestion is unacceptable because it fosters the theoretical consideration of "... What predisposes or equips an organization to be first - to be the leader."¹¹ We have elsewhere stated that the dilemma facing modern bureaucracy stems from the imperatives of change and the inability of bureaucracy to meet the resultant demands. As a result, the theoretical orientation imposed by this dilemma is the consideration of those variables within bureaucracy hindering its capacity to change and adapt.

The meaning of innovation in this study will be that given by V.A. Thompson. He defines innovation as

"... the generation, acceptance, and implementation of new ideas, processes and products or services. Innovation, therefore, implies the capacity to change and adapt."¹²

Innovation, used in this manner, therefore predicates a capacity to change and adapt. Furthermore, it extends the classic dictionary definition of innovation to include not only the introduction and implementation of new ideas and methods, but also their generation and acceptance. In this connection, the relationship between the generation and acceptance of

(10) Admittedly, the question of how much change must occur before it can be called "extensive" is both a theoretical and empirical dilemma. It is submitted, however, that when an organization, within a relatively short period of time (say from five to ten years), adopts and internalizes new attitudes which redirect and restructure its essential, internal operational activities, such as financial and personnel administration, it has instituted "extensive" change.

(11) S.W. Becker and T.L. Whisler. op.cit. p. 463

(12) V.A. Thompson, Bureaucracy and Innovation. op.cit. p. 5

new ideas must be underlined. The existence of a positive correlation between these two elements indicates that the capacity to generate new ideas is directly related to the knowledge that they will be accepted.¹³

Having placed the meanings of the core concepts in the study within a clearer perspective, we must now turn our attention to the environmental variables exerting pressure upon bureaucracy for change.

The Increasing Importance of Organizational Innovation

What environmental variables exert pressure upon bureaucracy for change? Their identification is of paramount importance if one hopes to grasp the magnitude of the indictment against traditional bureaucracy.

One of the most significant pressures for change is the knowledge explosion. It can be viewed as a fount from which flow other change variables. The advances and discoveries of both the physical and social sciences have virtually created a state of permanent change within contemporary society. A point has been reached where obsolescence is, in a manner of speaking, built into ideas. Ideas have an increasingly shorter life-span than at any other time in history.¹⁴ This development in itself exerts a tremendous influence upon organizational survival. It means, in effect, that an organization's capacity to adapt to new ideas and technology and to discard those of the past which have become obsolete or dysfunctional to its operations is imperative for its survival as an effective social institution.¹⁵

(13) V.A. Thompson, Bureaucracy and Innovation. op.cit., p. 6

(14) Chris Argyris, Organization and Innovation. (Homewood, Ill.: Richard D. Irwin, Inc., 1965) p. 1.

(15) loc.cit.

Technological advancement, of which the computer is perhaps the most striking example, is a by-product of the knowledge explosion. Because of the capital expenditures required for the acquisition, use and maintenance of these technical adjuncts to production and administration and because of the wastefulness and expense of the traditional means of coping with change -- i.e. the birth of new organizations to cope with change and the death of old institutions¹⁶ -- adaptability and internal innovative processes must be developed to meet environmental pressures for change.

The growth and extension of knowledge has also fostered specialization. It has become impossible for the individual to master the complexities of science. The result has been specialization -- the mastery of specific portions of knowledge. In an organizational sense this has meant the integration of the specialist into the traditional hierarchical structures of bureaucracy. The result has been

"... a growing gap between the right to decide, which is authority and the power to do, which is specialized ability. This gap is growing because technological change, with resulting increase in specialization, occurs at a faster rate than the change in cultural definitions of hierarchical roles."¹⁷

Taken in their totality, these variables have brought about a reversal of the organization's stand vis-a-vis the intellectual. No longer is he rejected, but avidly sought after. No longer a luxury but a necessity,¹⁸ brainpower has become a highly sought resource on the manpower market.

The knowledge explosion has also brought changes to, and new demands from, the cultural environment of the organization. The tendency toward

(16) V.A. Thompson, Bureaucracy and Innovation. op.cit. p. 4

(17) V.A. Thompson, Modern Organization. (N.Y.: Alfred A. Knopf, 1961) p. 6 .
See also S.M. Pfiffner, and F.P. Sherwood, Administrative Organization.
(Englewood Cliffs, N.J.: Prentice-Hall Inc., 1960) pp. 453-454.

(18) Warren Bennis, Changing Organizations. (N.Y.: McGraw-Hill, 1966) p. 11

the creation of a better informed and more highly educated society has meant changes in work values and in the composition of the work force.

Today's workers have become more mobile and have much greater expectations. Because of (1) the "...positive correlation between education and autonomy"; (2) job mobility which "...places workers in a position of greater influence in the system"; and (3) job requirements calling "...for more responsibility and discretion"¹⁹ -- it is highly probable that workers will demand that their work environment provide for more involvement, participation and autonomy.

The end result indicates a greater preoccupation with the individual and his needs of expression and job satisfaction. This holds not only for those conforming to the organization, but also for the nonconformists. As Pfiffner and Sherwood state "...the building of iconoclast vitality into the organization of the future may be one of the administrator's number-one problems."²⁰

These environmental variables or change inducing factors increasingly exert pressure upon bureaucracy to change and adapt. This has proven itself to be a difficult process for a bureaucracy. Existing organizational literature provides some insights into the reasons why.

Traditional Bureaucracy and Its Dysfunctions

To date, the concept of bureaucracy has loomed large in our presentation because of its inability to successfully cope with change. In this section, our earlier discussion of the concept of bureaucracy will be complemented by elaborating the Weberian or traditional characterization of bureaucracy which serves as the basis for the notion of a bureaucracy used in this study. Moreover, indices providing an explanation for the

(19) Warren Bennis, Changing Organizations (N.Y.: McGraw-Hill, 1966) p. 11

(20) S.M. Pfiffner and F.P. Sherwood, op.cit. p. 451.

bureaucracy's inability to accept and cope with change, will be discussed.²¹

Finally, it is imperative to note at this point that this discussion of the traditional characterization of the bureaucracy and its dysfunctions is of the utmost importance because the Canadian bureaucracy which was analysed and dissected by the Glassco Commission paralleled the classic monocratic type described by Weber and suffered from the dysfunctions inherent in this type of organizational structure.²²

In his analysis of the administrative apparatus (the bureaucracy) resulting from the adoption and acceptance of legal authority by society, Weber identified certain traits which characterize the typical or ideal bureaucratic structure. They may be summerily stated in the following manner: (1) a hierarchical structure of authority and office wherein command relationships and spheres of responsibility are legally prescribed and delineated; (2) a marked emphasis upon technical ability or specialization to the point where it constitutes the basis for

-
- (21) It is imperative to note at this point that the Weberian analysis of bureaucracy cannot be readily disassociated from the authority trilogy and in particular from legal authority. However, it is not our intention to discuss this dimension of the Weberian analysis. The reader is therefore urged to consult the following reference on this point: Max Weber, The Theory of Social and Economic Organizations. Talcott Parsons, ed., (N.Y.: The Free Press, 1964) pp. 55-57 and pp. 324-392. and Nicos Mouzelis, Organization and Bureaucracy. (Chicago: Aldine Publishing Company, 1967) pp. 15-18 and pp. 38-54.
- (22) Before the reader involves himself in the discussion of bureaucracy and its pathologies, he should be reminded that exaggerations of the bureaucratic stereotype can and do occur. In this chapter, I have drawn from such authors as Chris Argyris, Victor Thompson, Warren Bennis and Robert Merton. These borrowings tend to accentuate the Dysfunctional traits of the bureaucratic form of organization, but do not raise or discuss the question of "What is the alternative?" For a comprehensive and balanced discussion and criticism of these author's propositions and their relation to bureaucracy, the reader is urged to consult Herbert G. Wilcox, "Hierarchy, Human Nature and the Participative Panacea". Public Administration Review, 1 (January - February, 1969) pp. 53-62.

recruitment; (3) highly impersonal and legally prescribed relationships between personnel and personnel and clients; (4) a professional career system wherein personnel receive a fixed remuneration for services performed; (5) the disassociation of private assets from those of the office held, i.e. the incumbent does not own the office nor the means of production at his disposal by virtue of his holding the office; (6) the activities of office are subject to strict discipline and control.

Thus, hierarchy, jurisdictional limitation, specialization, professionalization, impersonality of attitude and procedure, legal omnipresence, and continuity of office characterize a bureaucratic organization.

In Weber's estimation, the monocratic structure of bureaucracy was the structure par excellence for coping with the needs of modern administration because of the advantages it offered. Its technical superiority, due to its reliance upon technical knowledge and efficiency, permitted the maximization of efficiency and rationality. As Weber states

"... the monocratic variety of bureaucracy -- is, from a purely technical point of view, capable of attaining the highest degree of efficiency and is in this sense formally the most rational known means of carrying out imperative control over human beings. It is superior to any other form in precision, in stability, in the stringency of its discipline, and in its reliability. It thus makes possible a particularly high degree of calculability of results for the heads of the organization and for those acting in relation to it. It is

(23) Max Weber, The Theory of Social and Economic Organization. Talcott Parsons, ed., (N.Y.: The Free Press, 1964) pp. 333-334 and Nicos Mouzelis, Organization and Bureaucracy, (Chicago: Aldine Publishing Company, 1967) p. 39

finally superior both in intensive efficiency and in the scope of its operations, and is formally capable of application to all kinds of administration tasks."²⁴

By the optimization of such technical virtues as

"... precision, predictability, technical know-how, continuity, coherence, strict subordination in a set hierarchy, and the reduction of friction and of material and personnel costs ..."²⁵

bureaucracy not only maximized efficiency and rationality but also provided for a marked degree of predictability and reliability in its actions.

A final remark must be made in terminating this overview of Weberian bureaucracy. It is obvious that Weber places great emphasis upon the formal structure and technical advantages of this type of organization. The accent is upon adherence to the legal order and the procedural rules. However, the resultant emphasis on discipline and control of bureaucratic activity creates a situation wherein the bureaucrat

"... is only a single cog in an ever-moving mechanism which prescribes to him an essentially fixed route of march."²⁶

A premium is therefore placed upon conformity, meticulousness and predictability for both the organization and its personnel. The result is a severe restriction upon the bureaucrat's initiative and discretion. As Mouzelis says,

"These rules, aiming at the avoidance of any arbitrary action, imposing strict discipline and control, do not leave much room for initiative and discretion."²⁷

Thus, the accentuation of technical knowledge and efficiency and the strict adherence to rules fosters not only rationality and predictability but also individual conformity to the detriment of individual creativity and initiative.

(24) Max Weber, The Theory of Social and Economic Organization. Talcott Parsons, ed.. op.cit. p. 337

(25) M.E. Dimock, Administrative Vitality. (N.Y.: Harper & Brothers, 1959) p.80.

(26) Max Weber, On Charisma and Institution Building. S.N. Eisenstadt, ed. (Chicago: The University of Chicago Press, 1968) p. 75

(27) Nicos Mouzelis, op.cit. p. 41.

The individual is therefore a secondary element in the totality of the Weberian analysis. The emphasis upon the system and its technical advantages focuses all attention upon operational efficiency and ignores the position and importance of the individual within the structure.

It is therefore obvious that these perceptions and habits are the opposite of change and innovation which imply, by their nature, conflict, new behaviour and unpredictable activity.

Weber's study of bureaucracy, because it identified and presented the elements of bureaucracy in a manner demonstrating how they foster and maintain efficiency, is a functional analysis. However, in adopting this approach, Weber perforce neglected an equally important dimension of bureaucracy, namely, its pathologies.

The aging process disables a bureaucracy by forcing it into a deeper and deeper rut. It thereby impedes, if not obstructs, the bureaucracy's ability to reorient itself and induces inflexibility and rigidity into its structures.

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It must be realized at the outset that a bureaucracy is more than an administrative system of hierarchical authority roles geared for the efficient and effective attainment of predetermined goals. It is also human, that is to say, composed of individuals. It is the individual, the bureaucrat staffing the structures, which makes the bureaucracy a living organism and provides the life-blood, vitality and resilience of the structures.

(28) On this question see. Anthony Downs, Inside Bureaucracy, (Boston: Little, Brown and Company, 1966) Chapter II, The Life Cycle of Bureaus. pp. 5-23. See also. M.E. Dimock, "Bureaucracy Self-examined" in R.K. Merton et al., Reader in Bureaucracy, (N.Y.: The Free Press, 1967) p. 406.

There exists a conflict and a causal relationship between these two essential dimensions of a bureaucracy. Bureaucratic structural requirements and needs such as efficiency and predictability affect the bureaucrats behavior in particular ways causing him to react in certain fashions by creating personal needs which may prove dysfunctional to the administrative system if carried to excess. It is from this action-reaction that bureaucratic pathologies spring.

Because this causal relationship and conflict dimension of bureaucracy has direct implications for individual creativity and innovativeness and thereby affects organizational innovativeness and vitality, some of the more salient aspects of this question must be identified.

Bureaucratic pathologies have been defined as

"... the excesses of group behaviour that prevent an enterprise from being consumer-oriented and responsive to need and change. The result is loss of efficiency."²⁹

Examples of these inefficiencies are readily available: (1) the red tape resulting from the maze of oftentimes obsolete rules and regulations; (2) the "buck-passing" and "run-around" stemming from confused jurisdiction and the lack of necessary authority for effective decision-making at lower levels; (3) the delays in rendering decisions because of over-extended channels of communication and insufficient delegation of authority; (4) the inflexibility and routinism resulting from traditionalism, precedent and the search for perfection; (5) the timidity, conformity and mediocrity of bureaucrats because of the

(29) M.E. Dimock, Administrative Vitality. (N.Y.: Harper & Brothers, 1959) p. 102

desire to play it safe and not deviate from established group norms;
(6) waste, duplication and carelessness stemming from lack of employee interest, poor streamlining and coordination; (7) low employee morale due to a lack of competition and profit motive; and (8) resistance to change because of the desire to maintain the traditionally proven ways of doing things.³⁰

These inefficiencies result from the relationship between bureaucratic structural variables and behaviour patterns. Consequently, certain key dysfunctional characteristics may be identified and their effect on the bureaucracy's capacity to innovate from within described.

The bureaucracy's reliance upon technology and specialization permits it to attain a high level of technical and administrative precision, reliability and efficiency. However, the maintenance of these technical virtues, essential to the successful operation of the bureaucracy, demand a marked level of reliability in behavior and conformity to set patterns of activity. In turn, the satisfaction of these requirements necessitates the use of procedural and regulatory controls as well as the inculcation of a prescribed set of values. These control mechanisms and other structural factors exert considerable pressure upon the bureaucrat for behavioral conformity to the rules and values of the organization.³¹

The result is goal displacement. This phenomenon occurs when an organization displaces the goal which it has legitimately been created to serve and replaces it by another it is not known to serve. This process may result from the overemphasis of certain indicators of organizational success to the detriment of others; from an undue preoccupation with internal problems; from the desire to maintain its structures; or, from the structural effects of the organization on its members' personalities.

(30) See. M.E. Dimock, op.cit., pp. 102-103.

(31) R.K. Merton, "Bureaucratic Structure and Personality" in R.K. Merton et al., Reader in Bureaucracy. op.cit., p. 365.

In its commonest form, goal displacement refers to the reversal, within the organization, of the priority between goals and means. Goals therefore become means whereas the means become goals and are elevated to the position of absolutes.

In this discussion, the indication is that bureaucrats transfer their "...sentiments from the aims of the organization onto the particular details of behavior required by the rules". This trend, in turn, nurtures rigidity, formalism and ritualism and obviates the bureaucracy's capacity³² to adapt to changing conditions.

Other factors such as the career system and group interests buttress this tendency to conformity and strict adherence to rules. The bureaucrat's thought patterns, emotions and activities adapt themselves to the prospects of his career and receive reinforcement from the esprit de corps and informal organization of his work environment.³³

The cumulative effect of these variables is the development and encouragement of a particular outlook which has been identified as the "bureaucratic orientation".³⁴ This orientation, by its very nature, is conservative and non-innovative.

This orientation can be characterized as a tendency to over-conformity because of the effects of the control mechanisms and standards assuring the operational and structural requirements of the bureaucracy. It is a "go by the book" mentality rejecting innovation and personal initiative as a means of protection against insecurities and sanctions. The results are: (1) the satisfaction of the minimum standard requirements imposed by the control mechanisms; (2) decision-making by precedent; and (3) command induced activity.³⁵

- (32) R.K. Merton, "Bureaucratic Structure and Personality" in R.K. Merton et al., Reader in Bureaucracy. op.cit.. pp. 365-366. See also Amitai Etzioni, Modern Organizations. (Englewood Cliffs, New Jersey: Prentice Hall Inc., 1964) pp. 10-12 for a concise discussion of goal displacement.
- (33) Ibid. p.367.
- (34) See V.A. Thompson, Bureaucracy and Innovation, op.cit.. pp. 21-22. See also Idem, "Bureaucracy and Innovation" in Administrative Science Quarterly, 10: 1965-66, pp. 7-8.
- (35) V.A. Thompson, Modern Organization. op.cit.. p. 159.

Thus, the control oriented structures of the bureaucracy, seeking to promote predictability, reliability and stability as a means of securing productive efficiency, outlaw innovative activity. It is outlawed because, by its very nature, it is uncontrolled and unpredictable. It can create conflict, an illegitimate activity in a bureaucracy. Innovation is therefore foreign to the system. Moreover, innovation is also foreign to group-behavior. We find that "... in an insecure, competitive group situation, innovation threatens the security of all members of the group and for this reason tends to be suppressed by informal group action ...".³⁶

The end result of this behavioral tendency to conform is resistance to change and non-creative behavior. These outputs are reinforced by the following structural variables: (1) the extrinsic reward system; and (2) the hierarchy of authority.

The reward system thwarts innovation and encourages conformity. Because of the hierarchical structure and production orientation of the bureaucracy, individual competition and a success orientation predominates. Moreover, success is measured by the individual's capacity to climb the hierarchical ladder and rewards for success are dispensed by those within the hierarchy. Success and safety are therefore to be found in conformity.³⁷

(36) V.A. Thompson, Modern Organization. op.cit.. p. 163. Merton also identified this tendency - see supra p. 17.

(37) See V.A. Thompson, "Bureaucracy and Innovation" in Administrative Science Quarterly. op.cit.. p. 5-6. This tendency is also noted by Merton in speaking of the bureaucracy's career system - see supra p. 17. Finally, the comments of W.H. Starbuck, "Organizational Growth and Development" in J.G. March (ed.). Handbook of Organizations. (Chicago: Rand McNally & Company, 1965) p. 471 regarding the inducements - contributions balance in organizations have some bearing here.

The second structural variable influencing innovation is the monocratic or hierarchical structure of authority. Our definition of innovation noted the relationship between the generation and acceptance of novel ideas. The hierarchical nature of the bureaucracy affects this relationship.

The bureaucracy's hierarchy of authority provides the channels for the approval or rejection of internal organizationally directed proposals. Because of the lack of an appeal system, a superior can legitimately veto the proposals of a subordinate which may foster change. Furthermore, because of the several levels of authority and the lack of discretion accorded lower levels, decisions tend to be passed on to consecutively higher levels. It can therefore be validly stated that "... even if the monocratic organization allows new ideas to be generated, it is very apt to veto them."³⁸

In terminating these considerations on bureaucracy's change resistance pathology some attention must be given to the actual process.³⁹

At the outset, it must be noted that bureaucracy exercises considerable influence over the rate and extent of change it allows to be introduced into its work environment. This situation persists regardless of the fact that the policy official is theoretically the head

(38) V.A. Thompson, Bureaucracy and Innovation, in Administrative Science Quarterly, op.cit. p. 6. See also. Michel Crozier, The Bureaucratic Phenomena. (Chicago: University of Chicago Press, 1964) p. 195.

This veto process is of paramount importance in this study. Because of the hierarchical nature of the bureaucracy ideas are, perforce, pushed upwards to an increasingly narrower range of participants. There is therefore little chance of them generating support. The result is restricted communication channels which are further obstructed by departmentalization and task specification. The pre-Glassco bureaucracy was of this nature. However, its veto orientation was dismantled to a great extent by the acceptance of the Glassco Commission's recommendations.

(39) S.M. Lipset's study Agrarian Socialism. (N.Y.: Doubleday & Company, Inc. (Anchor ed.) 1968, chap. 12) may be consulted as an example of how these theoretical elements of the process work in reality.

of the bureaucracy. Indeed, his capacity to effectively implement reforms within the bureaucracy, as we shall see, depends upon the extent to which the career officials will allow him to do so.⁴⁰

Stated broadly, the reasons for this state of affairs lies in the inner life of the bureaucracy. This life is based upon

"... long-established understanding, nuances, ways of doing things; it is based upon an appreciation of what constitutes the long-range interests of the career group."⁴¹

Several precise reasons for this occurrence may be identified. One such reason is the fact that in order to implement change or reform in bureaucracy, the policy official must rely upon the career officials.

Taken in their totality, these career officials, over long years of association, developed an esprit de corps and have come to identify with the programs and symbols of their work environment. Their perception and appreciation of what constitutes an advantage to their interests -- i.e. the possibility of furthering the influence, size and importance of the activities to which they have linked their lives and fortunes -- determine the degree of support they will offer to the proposed activity.⁴²

If these career officials perceive that their interests are jeopardized or if they are not consulted, they have several means at their disposal to slow down or destroy the proposed reform. This may be done through the established communication system existing among career officials or through feigned acquiescence and cooperation

(40) M.E. Dimock, "Bureaucracy Self-examined". in R.K. Merton et al., op.cit. p. 403

(41) Ibid. p. 405

(42) Ibid. p. 402 and p. 404

coupled with the use of dilatory strategies such as "buck-passing"⁴³
or the invocation of personnel insufficiencies.

The inner life of the bureaucracy and the perceived self-interest of career officials therefore determines to a large extent the chances of successful reform. Thus, the policy official wishing to implement a priority having reform or innovative dimensions must secure the support of the permanent bureaucracy by appealing to their self-interests and attempting, to the extent that it is possible, to identify himself to "... their interests, assumptions and objectives."⁴⁴

Bureaucratic Innovation: Some Theoretical Considerations on the Process of Implementation.

In this chapter we have identified certain change variables in the environment exerting pressure upon bureaucracy and described ~~the~~ bureaucratic organization, its operational needs and its pathologies. This approach has been taken in order to elucidate two facts. The first fact is that change is, more than ever before, an integral component of our environment exerting pressures which have increased the need for adaptability and creative endeavour both in organizations and in individuals. The second fact we have sought to demonstrate is that bureaucracy, as a form of organization, is particularly unsuitable for adapting to environmental demands for change because of structural design and operational needs and, for the same reasons, incapable of nurturing an environment conducive to creative action and thought.

(43) M.E. Dimock, "Bureaucracy Self-examined". in R.K. Merton, et al..
op.cit. pp. 403-404.

(44) Ibid. p. 405

This study's interest does not lie in the question of the desirability or undesirability of innovation, nor in the analysis of the reforms, both structural and attitudinal, necessary to promote innovation in bureaucracy.

In this, the final section of this chapter, our preoccupation will be with the delineation of certain theoretical propositions relative to the process of implementing change or innovation in bureaucracy. The ultimate aim will be the testing of these propositions in the light of our findings regarding the Canadian experience in implementing change in bureaucracy -- i.e. the implementation of the Glassco Commission's recommendations. The generic question dominating these considerations is "How does bureaucracy adjust to change?" A sub-species of this question is "Once bureaucracy has accepted change on a large-scale, how does it implement it?"

Innovation implies a creative dimension. Of the numerous assumptions regarding creativity two are of importance to the question of implementing change. The first assumption is that

"Creativity can, within limits, be encouraged or discouraged, rewarded or punished, turned on or turned off."

and the second is that

"Members of an organization in large measure take the cues for their behavior within the organization from its leaders and administrators."⁴⁵

These two assumptions form the basis for the theoretical propositions to be advanced.

Our study of the pathologies of bureaucracy has tended to show that structural and group pressures enforce conformity and inhibit creativity in bureaucracy. Change, however, does occur and, at times,

(45) David Mars, Creativity and Administration. Public Administration Review 27; 3 Sept. 1967, p. 253.

it is rather extensive. The Glassco Commission is evidence of this fact. The question of the implementation of change in bureaucracy is therefore not illusory.

In his study, Michel Crozier has offered some perceptive comments⁴⁶ on the bureaucratic adjustment process. The remarks that he makes which are of particular interest to us here relate to the impulse for change in bureaucracy and to the general process of implementation.

Regarding the impulse for change in bureaucracy, he states that

"... a bureaucratic system will resist change as long as it can; it will move only when serious dysfunctions develop and no other alternatives remain."⁴⁷

It appears, therefore, that change is an extreme activity undertaken to combat tendencies inimical to bureaucracy.

Relative to the implementation of change in bureaucracy, Crozier identifies certain elements in the process. He first notes that change must, because of structural design, come from the top and move downward through the structures. Moreover, he remarks that these changes must be universal. By this he implies that they must encompass the totality of the organization. Finally, he states that only an important dysfunction will cause the bureaucracy to reform. Change does not therefore come in a piecemeal or gradual manner. As he says,

"Change will not come gradually on a piecemeal basis. It will wait until a serious question pertaining to an important dysfunction can be raised. Then it will be argued about and decided upon at the higher level and applied to the whole organization, even to the areas where dysfunctions are not seriously felt."⁴⁸

(46) Michel Crozier, The Bureaucratic Phenomenon. (Chicago: University of Chicago Press, 1964)

(47) Ibid. p. 196

(48) Loc.cit.

Furthermore, change is a deeply felt crisis in the bureaucracy.

Our study will attempt to substantiate these propositions. We will attempt to identify the dysfunction(s), if any, giving rise to the Glassco inquiry and its recommendations. The question asked will be "What dysfunction(s) gave rise to the Glassco Commission and forced Canadian bureaucracy to reform?" Also, we will try to determine if the Glassco experience in the implementation of change follows the pattern presented by Crozier.

The second assumption regarding creativity is that the members of an organization pattern their behavior, to a large extent, after that of the leaders and administrators in the organization.

This assumption underlines the importance of the nature of leadership in the fostering of innovative activity in organizations. Mars identifies the activities that the administrator or leader must undertake in order to promote a truly innovative atmosphere in the organization.⁴⁹

Simon, considering the matter from a decision-making point of view, also underlines the importance of the leader in fostering creativity⁵⁰ and innovation in the organization.

Their comments, however, serve only to underline the importance of leadership in the innovative process. No indications are given as to the nature or traits of the innovator. Crozier offers a description of the innovator in bureaucracy. He is drawn from a small minority of

(49) David Mars, Creativity and Administration. in Public Administration Review, op.cit., pp. 253-255.

(50) H.A. Simon, "The Decision-Maker as Innovator." in S. Mailick and and E.H. Van Ness (ed.) Concepts and Issues in Administrative Behavior. (Englewood Cliffs, N.J.: Prentice-Hall Inc., 1962) p. 68-69.

senior civil servants and is a lawgiver, a legislator, rather than a discoverer. He reorders relationships in the bureaucracy. As Crozier says, "He is someone who will reorder the world in a better way, rather than someone who will launch new patterns, new ways of doing things."⁵¹

This characterization of the bureaucrat as an innovator permits us to make considerations on the nature of the bureaucrats involved in the implementation of the Glassco recommendations.

How did they perceive their roles in the process? What were their views on the proposed changes? What were their reactions to these reforms? What kind of arguments did they present for or against the recommendations made? Do their behavior patterns diverge from the propositions made by Crozier as well as the behavior of career officials described by Merton?

The answers to these queries will, hopefully, provide insights into the process of implementing change in bureaucracy as well as into the behavior of bureaucrats playing roles essential to the process.

The thrust of this study is therefore, in essence, that the Glassco Commission is an example of massive bureaucratic change and that the federal bureaucracy in the pre-Glassco era was a "bureaucracy" in the classical sense of the word. Consequently, despite the awareness of a need for change within certain sections of the bureaucracy, it could not come about from within. The reasons for this are threefold: (1) the bureaucratic veto system; (2) goal displacement; and (3) the career perceptions of senior bureaucrats. These obstacles were most effectively manifested in the attempts to change the main structural features and assumptions of financial and personnel management.

(51) Michel Crozier, op.cit., p. 201.

CHAPTER II

THE ROYAL COMMISSION ON GOVERNMENT ORGANIZATION

The objective of this chapter is to provide an overview of the Royal Commission on Government Organization. Consideration will therefore be given to the following matters: (1) the origins of the Commission; (2) its nature and task; (3) its procedures; and (4) its internal organization. No comments will be made regarding the Commission's findings -- this will be the subject matter of a subsequent chapter.

On the 16th of September 1960, the Royal Commission on Government Organization was appointed by virtue of Order in Council P.C. 1960 - 1269. The appointment was made under Part I of the Inquiries Act (R.S.C., 1952, c. 154) and upon the recommendation of the then Prime Minister, John Diefenbaker.

Three Commissioners were entrusted with the responsibility for directing the Commission's enquiries: John Grant Glassco - appointed chairman of the Commission; Robert Watson Sellar; and F. Eugene Therrien.

At the moment of his appointment as chairman of the Commission, Mr. Glassco, a 54 year old professional accountant turned business executive, had been the executive vice-president of the Brazilian Traction Light and Power Co. since 1957.

Mr. Watson Sellar, a lawyer by profession, was a public servant of long standing who had served in turn as secretary to the Honourable J.A. Robb; as Assistant Deputy Minister of Finance; as Comptroller of the Treasury; and, from 1940 to 1959, as Auditor-General of Canada. Because of this background, he undoubtedly provided the Commission with a veritable wealth of knowledge regarding the nature and operation of the Canadian public service.

Finally, Mr. F. Eugene Therrien, the third Commissioner, was also a lawyer who conducted his own practice in Montreal.¹

The Origins of the Royal Commission on Government Organization

In beginning this overview of the Glassco Commission, logic dictates that consideration first be given to the Commission's origins. Indeed, we are faced with the task of attempting to determine why the Commission was established. What factors led to its creation? Did the Commission result from a desire to emulate the activities and findings of the "Hoover" Commission in the United States? Was it

(1) See. Canadian Business. The Government Investigators. Nov. 1960. pp. 100-101.

the result of the commonly held belief that government administration is, almost by definition, inefficient, wasteful and extravagant? Perhaps the Commission was created because of the promptings and suggestions of the bureaucracy itself? Perhaps it was created because of a fear on the part of the government of the day that the upper levels of the bureaucracy had become "Liberal" in outlook? Finally, perhaps the "Glassco" Commission was a policy output of a government unable to decide what its relationship with the bureaucracy should be?

Before reviewing these matters in greater detail, a note of caution should be entered here to the effect that the considerations in this section are of a highly speculative nature. The reason for this is the paucity of information on this aspect of the Commission. Because we are dealing with a policy matter, the obtention of information is quite difficult. Moreover, the only person who can provide us with an authoritative answer, namely Mr. Diefenbaker, has **not, as yet,** published his memoirs and has been reticent to talk at length and in depth on the matter. Consequently, no attempt will be made to provide a final answer to the question of why the Commission was created. In point of fact, all that one can reasonably attempt to do is shed some light on the factors or variables that may have led to its creation.

The seeds of the "Glassco" Commission were first sown in 1955. On the 31st of May of that year, George A. Drew, leader of the Opposition in the House of Commons, called upon the government of Mr. Louis St. Laurent to institute an examination of the operations of the

bureaucracy. This examination, he submitted, should be similar to those periodically undertaken by business firms to ascertain the health and solvency of the organization. It should be noted at this point that Mr. Drew referred to the success of the "Hoover" Commission² in the United States in making this request.

On the following day, John Diefenbaker raised the point again in the House of Commons. He also called for an investigation into the operations of the bureaucracy. This examination would have as its sole aim the recommendation of means to curb expenditures. He expressed his belief that "... a careful examination of expenditures³ would provide a fertile field for savings." Mr. Diefenbaker then went on to express his boundless admiration for the work, findings and results of the "Hoover" Commission and hinted that an investigation along these lines in Canada, coupled with a public reaction similar to that in the United States, would undoubtedly lead to the reduction of waste and extravagance in government administration and consequently, to a lessening of the tax burden.⁴

The call for an investigation was again heard in 1956 when Mr. Drew asked that the then Prime Minister, Mr. St. Laurent, announce that "... we may have a royal commission to enquire into the business organization of government and advise on how this whole system which⁵ handles our public affairs can best be administered."

(2) See Canada. House of Commons. Debates. Vol. IV. Session 1955. (Ottawa: The Queen's Printer, 1955). p.4283; p. 4289; and p.4291.

(3) Ibid. p.4329.

(4) Ibid. pp.4330-4331.

(5) Canada. House of Commons. Debates. Vol. I. Session 1956. (Ottawa: The Queen's Printer, 1956). p. 45.

Finally, the desire to institute an investigation into the operations of the bureaucracy was still very much alive in 1957. At this time, the Conservative Party, under the leadership of Mr. Diefenbaker, was in power. On November 22 of that year, Mr. A.B. Patterson, Member for Fraser Valley, asked Prime Minister Diefenbaker if the government was considering "... the setting up of a commission similar to the Hoover Commission in the United States, in an endeavour⁶ to effect a reduction in unnecessary expenditures of government." Mr. Diefenbaker's reply to this query was affirmative but he added that it was "... a matter that is rather comprehensive in its extent; therefore a complete investigation is being made."⁷ It appears that this investigation was so complete that the Commission, as we have seen, was not appointed until 1960.

These statements indicate that the desire to create a commission of inquiry into the operations of the bureaucracy was a long standing desire of the Conservative Party while in opposition. The "Glassco" Commission was therefore not the result of an intuitive political reaction to a given situation that, on the face of things, had reached crisis proportions.

Let us now consider those factors which appear to have influenced the desire to have a commission of inquiry appointed prior to the Conservative Party's coming to power. The preceeding paragraphs have brought out several references to the "Hoover" Commission in the United States.⁸ Both Mr. Drew and Mr. Diefenbaker referred to its activities and aftermath in requesting that a similar activity be undertaken in Canada.

(6) Canada. House of Commons. Debates. Vol. II. Session 1957-58. (Ottawa: The Queen's Printer, 1958). p. 1413.

(7) Loc.cit.

(8) The Commission on the Organization of the Executive Branch of the Government, under the chairmanship of Mr. Herbert Hoover, conducted its inquiries from 1953 to 1955.

In this connection, Mr. Diefenbaker's statements are of particular interest. They stem from the desire to curb expenditures and rest on the commonplace belief that government administration is wasteful and extravagant. Indeed, he believed that "... a careful examination of expenditures would provide a fertile field for savings ..." and suggested that the investigation's "... only purpose will be to recommend economies" ⁹ The inquiry into the organization of the government's administration would therefore be set up in order to curb expenditures. To support his request he referred to the "Hoover" Commission, as did Mr. Drew. In reading his statements, there is little doubt that he was tremendously impressed with the "Hoover" Commission's work and results, especially the creation of a Citizen's Committee to assure that the Commission's proposals were given effect ¹⁰ and to propose additional means of saving money.

In speaking of the Commission's findings he stated that:

"It found in every department it examined that there were savings, great or small, that could be made. It found that there was waste, and that the waste was in the nature of Lilliputian threads that finally bound Gulliver, that destroyed efficiency in government. It found that there was red tape which undermined and overlapped departments, and that there was duplication which resulted in needless expense. All of this took place in the matter of a very few years."¹¹

He went on to say that he had read every one of the Commission's reports and found them worth studying. Finally, he brushed a somewhat poetic picture of the public reaction to the Commission's findings and expressed ¹² the desire to have this state of affairs duplicated in Canada.

(9) Canada. House of Commons. Debates. Vol. IV. Session 1955. op.cit. p.4329.

(10) See. Ibid. pp. 4330-4331.

(11) Ibid. p.4330.

(12) Ibid. pp. 4330-4331.

Notwithstanding this admiration, Mr. Diefenbaker has stated that it is not the example of the "Hoover" Commission which ultimately prompted him to institute the Royal Commission on Government Organization.¹³

These comments are of great significance in attempting to ascertain the reasons behind the creation of the Glassco Commission. Indeed, Mr. Diefenbaker's references to the "Hoover" Commission in the House of Commons appear as the mustering of evidence by a lawyer intent on making the point that government administration is inefficient and wasteful. It is therefore suggested that the influence of the "Hoover" Commission on the creation of the Glassco Commission be viewed in the following manner: the "Hoover" Commission's findings provided Mr. Diefenbaker with a factual basis for his intuitive belief that government administration was at best a wheezy business and thereby reinforced his opinion that if such a study was undertaken of the Canadian bureaucracy the same results would be found.¹⁴

This interpretation leaves us with but one fact: Mr. Diefenbaker was already biased towards the operations of government administration and endorsed the view that it was inefficient, wasteful and extravagant.

It is submitted, however, that other causal factors of greater import are to be found in the intervening years between 1957, when

(13) The Honourable J. Diefenbaker. Interview. December 9, 1970.

(14) This interpretation in itself means nothing. Indeed, the author is of the opinion that Mr. Diefenbaker's subscription to the notion that government administration is, by nature, inefficient and wasteful is not a sufficient reason to have instituted the Glassco Commission. This view is held regardless of the fact that the Glassco Commission's Terms of Reference appear to point to government inefficiency and wastefulness as the prime reason for its creation.

Mr. Diefenbaker expressed the intention of setting up a commission of inquiry, and the actual appointment of the Commission in 1960.

What other factors could be of importance in the decision? Could it be that the Commission resulted from the requests of the bureaucracy itself? Seemingly, there existed an atmosphere and attitude of self-appraisal within the bureaucracy at this point in time which resulted from the phenomenal growth of the public service during the Depression, the Second World War and the Post-War Reconstruction Period.

Indeed, as Professor Hodgetts has stated:

"The demands made on the public service by the depression, war and post-war reconstruction have resulted not only in budgets which are now ten times the size of those of the early nineteen-thirties, but a public service that has swollen to five or six times its pre-war size. Management practices and control techniques adapted to the comparatively modest resources of earlier days obviously had to be reconstructed to meet the challenges imposed by this vast growth in size and complexity of government programmes."¹⁵

This internal display of concern for administrative improvement is perhaps best exemplified by the Civil Service Commission's study of personnel undertaken in 1956-57, which resulted in the first important revision¹⁶ of the Civil Service Act of 1918.

Mr. Diefenbaker rejected this hypothesis out of hand and emphatically stated that the bureaucracy had absolutely no input into the decision to institute the Commission. Moreover, he added that there

(15) J.E. Hodgetts, "The Grand Inquest on the Canadian Public Service" Public Administration (Australia) Vol. 22, No. 3, (Sept.) 1963. p. 227.

(16) See. Canada. Civil Service Commission. Personnel Administration in the Public Service - A Review of Civil Service Legislation. (Ottawa: the Queen's Printer, 1965) p. 5.

existed a fair amount of scepticism on the part of certain bureaucrats. They did not believe the endeavour would bear fruit and that the Commission's findings, like so many before it, would be shelved and
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slowly forgotten.

Even if the bureaucratic input into the decision to create the Commission was non-existent, one cannot ignore this atmosphere of self-appraisal. Indeed, it appears that a good portion of the Commission's success can be attributed to the fact that this atmosphere prevailed.
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It is in that context that this variable is of importance.

A further factor which may have influenced the decision to create
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the Glassco Commission is the fear of a "Liberal" bureaucracy. The implication here is that the senior levels of the bureaucracy, because of their close association with their political masters and because of the Liberal Party's long term in office, had become imbued, either consciously or unconsciously, with the Liberal Party's attitude and point of view.

Mr. Diefenbaker attached some importance to this variable by stating that it played a part in the decision to institute the Commission.
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However, he declined to estimate the extent of its influence.

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- (17) The Honourable J. Diefenbaker. Interview. December 9, 1970. Mr. R.B. Bryce, Clerk of the Privy Council, appears as one who was sceptical. His doubts stemmed from his belief that the Commission's Terms of Reference were too broad. Confidential Interview.
- (18) Infra. pp. 47, 48, 56 & 57.
- (19) This variable was first brought to my attention by Professor G.B. Doern of Carleton University. Note should be made of the fact that the Liberal Party had been in power for approximately 22 consecutive years -- from 1935 to 1957.
- (20) The Honourable J. Diefenbaker. Interview. December 9, 1970. The fear of a "Liberal" bureaucracy was also noted by other interviewees. Indeed, they stated that Mr. Diefenbaker never got over this impression. Confidential Interviews.

The fact that Mr. Diefenbaker attached some importance to this factor is quite significant. Indeed, it would appear to indicate that the reasons for the creation of the Glassco Commission must be sought at the political level.

It is at this point that the analysis becomes difficult. We have, in essence, but one comprehensive study of the Diefenbaker regime which provides some insights into his political character and his relationships with the bureaucracy. This study is that of P.C. Newman.²¹

Notwithstanding its journalistic nature which may render it academically unacceptable, I have attached great importance to its contents.

Newman states that Mr. Diefenbaker distrusted the bureaucracy though, in the main, the bureaucrats were willing to serve him, perhaps not out of personal conviction, but for the good of the country. Diefenbaker could not, however,

"... bring himself to trust these men who had risen to positions of responsibility during more than two decades of Liberal administration. He regarded everyone with a political bias."²²

Consequently, "The essential dialogue between the administrative and executive branches of government thus ceased to function."²³

It is suggested that in these statements lie the reasons for the creation of the Glassco Commission. No attempt is being made here to appear conspiratorial. However, two elements related to these statements are of importance. The first is that, by all accounts, John Diefenbaker is a **highly political person**. It is not, therefore, unreasonable to hypothesize that the main reason for creating the Commission, apart from

(21) P.C. Newman, Renegade in Power: The Diefenbaker Years. (Toronto: McClelland and Stewart Limited, 1963).

(22) Ibid. p. 91

(23) Loc.cit.

the stated aim of reducing costs which would dovetail well with the belief that government administration was inefficient and wasteful, was the hope that such an investigation would yield irregularities and cases of mismanagement which would prove to be valuable political ammunition.

The second point here is that perhaps, because of Diefenbaker's inability to trust the bureaucrats and because he could not make up his mind on how to use or rationalize his relationship with them, he decided to keep them guessing as to what that relationship was and thereby retain power in his hands and control them, rather than risk having them control him.²⁴

The contention in this section is that Mr. Diefenbaker instituted the Royal Commission on Government Organization because, on the one hand, he believed that government administration was a wheezy business that needed "cleansing" and, on the other hand, because he thought that political mileage could be gained from the Commission's findings and that his power could remain intact by keeping the bureaucrats guessing as to what his intentions were towards them.

The Nature and Task of the Royal Commission on Government Organization

The terms of reference of the Royal Commission on Government Organization stipulated that it was to

(24) Mr. Diefenbaker's inability to make decisions is well documented. See P.C. Newman, op.cit. p. 81-82. See also J.M. Beck, Pendulum of Power. (Scarborough: Prentice-Hall of Canada Ltd. 1968). pp.330-331 and also D. Fisher. "What Makes Diefenbaker Run?" (Toronto Telegram. February 9, 1963). as quoted in J.M. Beck. Loc.cit.

"... enquire into and report upon the organization and methods of operation of the departments and agencies of the Government of Canada and to recommend the changes therein which they (the Commissioners) consider would best promote efficiency, economy and improved service in the despatch of public business"25

Apart from this general directive to study the organization and methods of the operations of the public service and recommend changes conducive to the fostering of efficiency, economy and improved service, the Commission was instructed to direct its attention to certain particular matters. These specific areas of enquiry were not, however, to restrict the generality of the above statement. Indeed, the Commission was to consider more particularly such matters as the duplication and overlapping of services; unnecessary and uneconomic operations; the feasibility of decentralization;²⁶ financial methods and operations; management practices; the relationships of the departments vis-a-vis the central agencies such as Treasury Board and the Civil Service Commission; and, finally, the desirability of reallocating or regrouping units of the public service.²⁷

In order to assure the successful completion of its assignment, the Commission was given a wide grant of power respecting the method of inquiry; its internal procedures and the use of consultants. The only restrictions placed on its activities were that it was not to extend its inquiries to the institution of Parliament and that it was to report its findings within²⁸ two years of the date of its appointment.

(25) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. I. (Ottawa: The Queen's Printer, 1962). Terms of Reference.

(26) It should be noted that this instruction to consider the feasibility of decentralization may reflect a bureaucratic influence by some senior officer(s) who recognized that the bureaucracy was in need of decentralization. In this case, one may hint at the influence of Mr. R.B. Bryce, the Clerk of the Privy Council, in the drafting of the Terms of Reference.

(27) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. I. op.cit.. Terms of Reference.

(28) Loc.cit..

The terms of reference of the Commission appear to lend credence to the popular belief that a government bureaucracy is, almost
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by definition, inefficient and extravagant.

The Commission's Terms of Reference also indicate the nature of the task given the Commissioners. They were quite literally given a mandate which directed them to enquire into virtually every aspect of the operation of the bureaucracy. In essence, they were instructed to conduct a management study of the Canadian public service. Moreover, as we shall see in the next section, the Commission was composed of such personnel and in such a way as to appear as an ad hoc firm of management consultants.

As such, they were to analyse the operating procedures and structures of the civil service and present recommendations for procedural and structural change which would result in economies to the taxpayer and
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foster the more efficient functioning of the government's administration.

The Procedures and Internal Organization of the Commission.

The task which awaited the Commission was one of considerable

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- (29) This point was also noted in the previous section. See supra p. 28, 32, 36.
- (30) In accomplishing this end, the Commission conducted its inquiries from Sept. 1960 to March 1963. During that time, it produced twenty-four separate reports totalling 1,998 pages, collated into five volumes at a cost of \$2,808,628 dollars to the Government of Canada. These costs, it should be noted, are direct costs and do not include such things as office accommodation and furnishings or translation services. These were provided free of charge by the departments being studied. The Commission's final product contained approximately 300 recommendations and required 40,847 man-days to compile. In terms of costs, this meant that each page of the report cost a little more than \$1,405 dollars and each recommendation slightly more than \$9,362 dollars. See. Canada. Royal Commission on Government Organization. The Organization of the Government of Canada. Vol. 5. (Ottawa: The Queen's Printer, 1963) p.125. See also. G.V. Tunnoch, "The Glassco Commission: Did it cost more than it was worth?" Canadian Public Administration, Vol. III, No. 3, Sept. 1964. p. 389.

proportions. Indeed, at the time the study was commissioned, there existed a total of 116 departments and agencies within the federal bureaucracy. Collectively, these departments and agencies employed a total work force of 480,000 people which, at that time, was the equivalent of a little more than seven per cent of the total
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Canadian work force.

Because of the enormity of the task, the Commission had to, of necessity, make a series of decisions regarding the conduct of the enquiry; its procedures; and its internal organization. The Commission's first duty was to set certain parameters to the study which would bring it within manageable proportions. Therefore, the study could not be other than selective.

Because of this need for selectivity, the commissioners decided that those organizations which, though owned by the Government, operated on a commercial basis -- e.g. Crown Corporations -- were to be excluded. Secondly, it was decided that rather than conducting a detailed agency by agency study, the Commission would orient its inquiries toward specific problem areas which were of concern to all or a substantial number of government departments. Finally, these functional studies were
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to be conducted in preselected departments and agencies.

The reality of government bureaucracy in effect forced the commissioners to wilfully restrict the number of departments and agencies to be studied as well as delineate beforehand the problem areas and the study centres in order to bring the task within manageable proportions.

(31) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. op.cit. p. 19-20

(32) Ibid. p. 21. See Also. Canada. Royal Commission on Government Organization. First Progress Report. (Ottawa: The Queen's Printer, April, 1961). p. 2.

Having done this, the Commissioners made certain other decisions respecting the conduct of the inquiry.

The first of these decisions concerned the use of public hearings as a vehicle for the collection of data. In effect, the Commissioners decided that no public hearings were to be held as a regular procedure. This constituted a radical departure from past practices of royal commissions. Indeed, in the past, the public hearing was the main means of securing information on the matters
33
investigated.

In reality, however, concessions were made to this action plan. Indeed, the Commission advertised that it would accept submissions from interested organizations and individuals dealing with matters within its terms of reference from the beginning of January, 1961 to the 28th of February, 1961. It consequently received

"... representations ... from almost fifty business and professional associations, twenty business firms and research institutions, and fifty private individuals."³⁴

Apparently, these briefs were of varying relevance and value to the
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Commission.

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- (33) See. Canada. Royal Commission on Government Organization. First Progress Report. op.cit.. p. 2. See also J.E. Hodgetts. "The Grand Inquest on the Canadian Public Service" op.cit.. p.233. The reason for this decision was that the holding of public hearings would be of little use to the Commission because it was not concerned with matters of public policy on which varying regional, economic and social viewpoints had to be ascertained and openly discussed. See. Royal Commission on Government Organization. Objects, Methods and Organization and Administrative Instructions. Internal Document. January, 1961, p.3.
- (34) The reason for this concession to the action plan resulted from the recognition that the methods of government administration, as well as the policy objectives pursued, had an impact on the public. See. Royal Commission on Government Organization. Objects, Methods and Organization and Administrative Instructions. op.cit.. p.3. See also. Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. I. op.cit.. p.22.
- (35) See J.E. Hodgetts, "The Grand Inquest ...". op.cit.. p.233.

A further concession to this approach was made by tabling an interim Progress Report in the House of Commons. In essence, this report was an annotated catalogue of subjects to be investigated, procedures to be followed and people involved in the respective parts of the inquiry. It appears that this report received both widespread notice and the blessings of both Parliament and the Press.

36

The final concession made by the Commissioners to the principle of not using public hearings was that of attaching advisory committees to the Commission's project teams. These committees were primarily attached to those larger project teams investigating more controversial topics. The people comprising these advisory committees were people prominently identified with the fields of commerce, industry, accounting, finance, economics, law, science, medicine and academic life.

Because of the expertise and renown of the persons composing these advisory bodies, one could say that their role was not only to advise but also to "endorse" the Commission's final product. In this way, the Commission's findings could conceivably be made more palatable and also minimize the criticism that could have been levelled at them.

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The Commissioners did not restrict themselves to a totally "domestic" study. They conducted inquiries and interviews in the United States and Great Britain with the aim of determining how these countries responded to problems of organization and administration. Apart from the

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- (36) See J.E. Hodgetts. "The Grand Inquest ...", op.cit. p.234. See also. Canada. Royal Commission on Government Organization. First Progress Report. op.cit. The Report was tabled in the House of Commons by Prime Minister Diefenbaker on May 3, 1961.
- (37) See J.E. Hodgetts. "The Grand Inquest ...", op.cit. p. 234. See also. Canada. Royal Commission on Government Organization. First Progress Report. op.cit. p.2

Commissioners' personal inquiries outside Canada, certain project research teams also visited these countries to conduct more detailed talks in their respective areas of study. Among the notables interviewed were: Mr. Herbert Hoover, former President of the United States and Chairman of the "Hoover Commissions"; Lord Plowden, The Chairman of the Plowden Committee on "Control of Public Expenditure"; and Colonel Lyndal Urwick, Chairman of Urwick, Orr and Partners of London, England. One should also note the fact that the services of Mr. Neil McNeil -- Editorial Director of the Hoover Commission -- and Mr. Peter Drucker were used in the early stages of the Commission's inquiries. ³⁸

The Commission's approach, especially the decision to forego public hearings, meant that the Commission quite literally went "underground" both in the eyes of Parliament and the public generally. This meant that there would be certain disadvantages to conducting the inquiry in this manner. Professor Hodgetts has enumerated these disadvantages. "In camera" fact collecting meant that there would be no advance preparation to ease public acceptance of the Commission's findings. Consequently, the Report may not suscite public interest and receive little response because of the opinion vacuum created by a lack of publicity. This lack of public response and interest could **have subsequently resulted in the Commission's findings becoming part of the administrative history of the Canadian public service in the pejorative** ³⁹ **sense of being neglected with the passing of time.**

(38) See. Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. op.cit. p.23-24. See also. Canada. Royal Commission on Government Organization. First Progress Report. op.cit. p.3.

(39) See J.E. Hodgetts. "The Grand Inquest on the Canadian Public Service" op.cit. p. 232.

This, however, appears to be a risk which the Commission was obviously ready to face. The rationale for the Commission's choice lies in the extent of its task; its highly complex and technical nature; and the depth of analysis required to assure some manner of success. Given these realities, the Commission's approach was perhaps the most pragmatic and the one which would yield the best results. ⁴⁰

Added force may be added to these considerations if one pays attention to the fact that the Commission's task could be one of a highly sensitive nature requiring much diplomacy. Given the popular belief in government inefficiency, the tendency of the press to look for sensational stories, and the controversies surrounding the applicability of business concepts and techniques to the operations of government, the study may not have yielded "good" results had the public and the press been allowed constant access to, and information regarding, the Commission's operations. Indeed, though quite probably public interest and support may have been aroused, it could also have possibly led to a disorientation of the public, hypnotized by flagrant findings of inefficiency, away from the main trust of the Commission's inquiry. Indeed, a very negative approach may have resulted which might have fostered resistance to the Commission on the part of the bureaucracy and destroyed any possibility of cooperation between the bureaucracy and the investigators.

Considering these factors, it appears that the wisest course of action was that taken by the Commission. If the report was to be constructive, it had to be a cooperative venture between the public

(40) See. supra. p. 40, note (33)

service and the investigators because of the complexity and scope of the matters considered and because of the emotional dimension of the study which could have impeded objectivity and fostered animosity.

The preceding comments bring to light what is perhaps the most important aspect of the Commission's procedures; namely, its relationship with the public service. Indeed, by opting not to conduct public inquiries, the Commission, to a very large extent, was placing itself in the hands of the bureaucracy which it was to investigate. This meant that cooperation was essential to the good conduct of the study and to its success. The Commission's research teams would have to rely almost entirely upon the good will of the public servants for their information. In fact, this generated a situation analogous to that of a person called upon to testify against himself.⁴¹

Certain factors can be identified which would militate against the bureaucracy cooperating with the research teams. The terms of reference of the Commission indicate that the government of the day attached some credibility to the popular conception that a bureaucracy is inefficient. In fact, its premise is that the bureaucracy is inefficient and directs the Commissioners to determine the areas of inefficiency and propose recommendations for rectification. This is not, of itself, a bad thing. However, if one links this to the idea that the investigation could have become a witch-hunt and that the only interest of the Commission may be to discover horses on the payroll -- one can envisage apprehension and anxiety on the part of public servants. An added factor that could contribute to increased apprehension on the part of government officials

(41) See J.E. Hodgetts, "The Grand Inquest on the Canadian Public Service." op.cit. p. 234.

is the fact that the Commissioners were, in the main, outsiders who may not understand the bureaucratic environment. Moreover, their business background and their preoccupation with efficiency and profitability could cause them to be overzealous and unfair in attempting to rid the bureaucracy of its excess fat.

Finally, their findings could provide an excuse for the dismissal of senior bureaucrats which may be considered to be unfriendly to the government of the day. The spectre of the R.B. Bennett purge in 1930⁴² could have been recalled.

Consequently, the Commissioners were faced with a public relations task of considerable proportions. How were they to convince public officials that theirs was not to be a witch-hunt but a constructive and objective study of the operations of the public service? How could they allay the fears of officials and induce them to cooperate and indeed, give evidence against themselves? As Hodgetts points out:

"... This was the most touchy of all the public relations problems faced by the Commission. Without the wholehearted co-operation of the civil service the entire inquiry could be frustrated."⁴³

The fact of the matter is that the Commission succeeded in this public relations task and did not allow a feeling of animosity to develop between itself and the bureaucracy.

The success of the Commission in this area must be attributed primarily to the adeptness of the Commissioners in approaching the civil service and because of the receptiveness of the majority of public servants to the inquiry.

(42) See. P.C. Newman. Renegade in Power:... . op.cit.. p.61.

(43) J.E. Hodgetts, "The Grand Inquest on the Canadian Public Service" op.cit.. p. 234.

Indeed, one finds that:

"At an early stage, the commissioners held separate, private and informal sessions with all Deputy Ministers and senior executives of the several agencies. In a free give-and-take, the officials were presented with an outline of the various topics it was proposed to cover, asked for their own observations or suggested additions, and assured them this was not a "witch-hunting" expedition. Finally, they were promised that if their own operations were affected by major recommendations they would not be taken by surprise."⁴⁴

What is demonstrated here is that the Commissioners got the civil servants involved in the inquiry as peers. Official recognition was therefore given to their competence and expertise in governmental matters. Moreover, the Commissioners exhibited an interest in the observations and suggestions of officials and thereby established their credibility and sympathy to the problems of the bureaucracy rather than operate in an arbitrary fashion as they could have done because of the powers granted them to compel the attendance of witnesses and have them testify under oath. Consequently, an atmosphere of mutual trust and understanding was established between the investigator and the investigated. The result was the creation of a warm and ready response from the senior officials.⁴⁵

An added dimension to this point was that the Commission made it clear to their project teams that they were not about to disrupt the civil service's operations with the attitude "...that private enterprise had arrived to clean up the bureaucrats."⁴⁶

(44) J.E. Hodgetts. "The Grand Inquest on the Canadian Public Service" op.cit. p.234

(45) Ibid. p.235. The necessity of establishing and maintaining a cooperative relationship between the bureaucracy and the Commission was fully realized by both the Commissioners and the Commission's executive staff. See. Royal Commission on Government Organization. Objects, Methods and Organization and Administrative Instructions. op.cit. p.7.

(46) C. Baxter, "Taking a Critical Look at Our Government," Financial Post 55. July 29, 1961. p.24.

The Commission's success must also be attributed to the fact that the civil service itself met the Commission half-way. This was, in part, due to the favourable impression left by the Commissioners themselves as well as by the various project teams. Indeed, the civil service seems to have been impressed "... by the business like attitude of the investigation...." This, however, can only be seen as part of the reality of the civil service's contribution. In fact, it appears that many civil servants were "... having the time of their lives being able to tell somebody their ideas for improving things."⁴⁷

Professor Hodgetts, the Commission's Editorial Director, has elaborated upon this point and provided some perceptive comments regarding the reasons for this reaction. He states that:

"... many civil servants had been frustrated by their inability to make any impressions on a system which appeared in its slow response to be attuned to laws of its own motion as immutable as those of the Medes and Persians. If individual action could lead only to depression rejection of plans, possibly a concentrated accumulation of forthright statements repeated from enough different corners of the service could convince a group of outsiders ---- and these uncommitted outsiders might be expected to succeed with their recommendations where individual efforts had failed."⁴⁸

Having said this, the author goes on to say that:

"At least one can say, in support of this view, that most of the Commission's recommendations reflect in large measure ideas and plans which have been revolving for some years about the government offices in Ottawa."⁴⁹

(47) C. Baxter, "Taking a Critical Look at Our Government", op.cit., p.24.

(48) J.E. Hodgetts, "The Grand Inquest ...", op.cit., p.235.

(49) Loc.cit.

The Commission itself provides evidence of the veracity and acceptability of Professor Hodgetts' views respecting the civil service's input into the success of the Commission. Indeed, the Commission itself stated that:

"The competence and devotion of most public servants encountered impressed your Commissioners and the research staff. It was found that the public service was generally receptive to change and was, in fact, the source of many proposals for improving its own operations. There are areas in which the government is deficient in particular skills and techniques. But, in general, the defects of the machinery of government are the consequences of outmoded concepts of public administration and do not reflect on the calibre of Canada's public servants."⁵⁰

These comments indicate that the civil service was predisposed to the inquiry conducted by the Commission. It appears that matters had come to the point where civil servants wanted change but were unable to bring it about themselves. The Commission was, therefore, apparently looked upon as the vehicle which could bring change to the system and, consequently, it received the cooperation of the civil service.

This point is one of extreme importance. It tends to indicate that the Commission's success was due not only to its approach (i.e. canvassing the bureaucrats, allaying their fears and having them participate as peers in the problem solving process) but more importantly, to the atmosphere existing within the bureaucracy. This atmosphere appears as one of frustration, dissatisfaction and internal self-examination. It is quite likely that these feelings resulted from the oppressive nature of the bureaucratic veto system which stifled proposals for change. The Commission would then certainly be viewed by the bureaucrats as the means of getting around this particular dysfunction.

(50) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. (Ottawa: The Queen's Printer, 1965). p. 22-23.

It is also possible, as Crozier suggests, that matters were approaching a crisis state and that the bureaucracy was preparing to respond. In this instance, the Commission channelled this reaction by providing a catalyst.

Let us now direct our attention to the staff and internal organization of the Commission.

The staffing problem with which the Commission was faced stemmed from its decision to use a research team approach to the inquiry rather than resort to public hearings. The first staffing action taken by the Commission was the manning of a central core. This central core was composed of the three Commissioners and four directors. These directors were made responsible for the various operations into which the Commission's activities were more or less naturally divided and, together with the Commissioners, formed the hub of the central wheel.

The Commission's Executive Director was Mr. Ronald Ritchie, an economist and political scientist, drawn from the business world. Indeed, at the time of his appointment, he was the executive assistant to the Board of Directors of Imperial Oil Limited. Mr. Ritchie was accountable to the Commissioners for the general conduct of the inquiry and, along with the Commissioners, was responsible for locating the experts needed to staff the various research teams.

Other members of the Commission's central staff were: Mr. F.A. Milligan, the Research Director; Mr. R.J. Grenier, the Executive Secretary; and, Professor J.E. Hodgetts, the Editorial Director. Both Messrs. Milligan and Grenier were seconded from the civil service and Professor Hodgetts was drawn from the ranks of the academic community.

The Commission's Research Director was responsible for the preparation of the plan of investigation, the employment of the research and investigating staff, and the supervision and co-ordination of their activities. The Executive Secretary was responsible for the internal administrative matters of the Commission such as its budget, accounting systems and personnel records. Finally, the Editorial Director was responsible for the reporting systems of the various research teams and for the technical details of the translation and printing of the Commission's reports.

51

Around this central hub gravitated a secretariat and a number of project teams. The central hub's secretariat was a small staff having:

"... special responsibility for making organization studies and with duties that later developed to help the Research and Editorial Directors to co-ordinate the efforts of the research teams."⁵²

Taken in its totality, the Commission's staff numbered over 200 people. The study team approach adopted by the Commission to facilitate the operational aspects of studying functional problems - areas of common concern to various departments and agencies - led to the creation of 21 study teams responsible for various areas of the inquiry.

The functional breakdown of the project teams already provided some idea of the areas of expertise required to undertake these studies.

The problem was that of finding the people to staff them.

(51) See. Royal Commission on Government Organization. Objects, Methods and Organization and Administrative Instructions. op.cit.. p.5.

(52) J.E. Hodgetts. "The Grand Inquest on the Canadian Public Service", op.cit.. p.236. See also. Ibid. p.235 and Canada. Royal Commission on Government Organization. First Progress Report. op.cit.. p.2. and Canada. Royal Commission on Government Organization. The Organization of the Government of Canada. Vol. 5. (Ottawa: The Queen's Printer, 1963). p. 13-14.

This problem was solved by approaching the various management consulting firms having this expertise "in residence" as it were. The Commission did not, however, contract out to a particular consulting firm or to various firms for the conduct of its inquiries. Rather, it chose to hire individuals

"... with a view of obtaining particular skills and making it quite clear that they were temporary employees of the Commission not of their parent firms --- and, above all, that they were not conducting an inquiry at Commission expense for any departments into which their investigations carried them."⁵³

This source of manpower resources accounts for more than three-quarters of the Commission's staff. The other sources of manpower drawn upon were the civil service; the executive ranks of industry; and the academic community. However, if one surveys the acknowledgements preceding each of the Commission's reports as well as the contents of the First Progress Report and views the credentials of the people involved in the conduct of the particular inquiries, one finds very few people from the other sources mentioned. There is a net predominance of management consultants and this predominance would indicate that approximately ninety per cent of the Commission's total staff was composed of individuals having this kind of background.

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This prevalence may be due to the nature and orientation of the inquiries of the Commission which required the kind of expertise that only these firms had in the numbers necessary to successfully conduct the Commission's inquiries.

(53) J.E. Hodgetts. "The Grand Inquest on the Canadian Public Service". op.cit. p.236.

(54) To assess the validity of this observation one need only survey the contents of the Commission's First Progress Report and the acknowledgements which precede each report in the Commission's volumes.

The organization of the Commission, in summary, was as follows. Under the Commissioners there was a central core of four directors responsible for the various activities into which the Commission's inquiry naturally divided itself. This central core was serviced by a secretariat. Attached to this central core were the various project research teams. Some of the more important research teams had advisory committees linked with them. These committees were to act as a sounding board for the activities the teams intended to undertake or as sounding boards for the team's findings and proposals.

Presented in terms of a linear diagram, the Commission's organization appears in the following manner:

In terminating these considerations on the organization of the Commission, our attention should be drawn to the makeup and orientation of the two research project teams studying financial and personnel management. The aim of the inquiry into "Financial Control and Accounting" was to study the

financial management of the government of Canada and among other matters consider "... the objectives which do and should govern budgeting and accounting forms and procedures." In this connection, the inquiry's central concern was to:

"... discover whether the system of financial control and accounting now in force satisfactorily meets the multiple and possible conflicting requirements of departmental management, comprehensive financial planning by the executive and parliamentary control of the purse."⁵⁵

The team's project director was James C. Thompson Sr., then Resident Partner of the management consulting firm of Peat, Marwick, Mitchell & Co. (Canada) of Ottawa. Other members of the investigative staff were also drawn from the Peat, Marwick & Mitchell offices in Toronto, Montreal, Calgary and Ottawa. The only member of the team that was not from the Peat, Marwick firm was the team's research co-ordinator and editorial advisor -- Mr. G. Ross, Partner, McDonald, Currie & Co.,
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Ottawa.

The Financial Control and Accounting project team's advisory committee was chaired by Mr. M.W. MacKenzie, C.M.G., C.A., President of Canadian Chemical & Cellulose (Chemcell) Co. Ltd. of Montreal. Other members included Mr. A.E. Beauvais, D.F.Sc., C.A., of Chartre, Samson, Beauvais, Belair, Cote, Marceau & Associates of Quebec City; Mr. L.N. Buzzell, C.A., of McDonald, Currie and Company of Montreal; Mr. F.S. Capon, C.A., Vice-President and Director of DuPont of Canada Limited of Montreal; Mr. H.A. Cotnam, F.C.A., Provincial Auditor of Ontario of

(55) Canada. Royal Commission on Government Organization. First Progress Report. op.cit. pp.4-5.

(56) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. op.cit. p.39

Toronto; Mr. J.L. Helliwell, F.C.A. of Helliwell, MacLachlan and Company of Vancouver; and Mr. H.P. Herington, F.C.A. of Price,
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Waterhouse and Company of Toronto.

The creation of the "Manpower Management" project team was prompted by the somewhat axiomatic observation that "... the effectiveness of any administrative system, whether it be public or private, depends on the
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quality, development, motivation and organization of its personnel." It therefore followed that much importance had to be given to the selection and effective employment of personnel in the Canadian public service.

On this basis, the study team was to conduct a comprehensive survey of the makeup of the public service's work force; consider matters relating to compensation, benefits and similar factors relating to the public servant's work environment and, finally, inquire into the procedures and policies governing the recruitment and development of staff. Perhaps the central feature of the project team's study was the "... examination of the respective responsibilities of departmental and
59
central authorities for manpower management in the public service..."

Mr. J.J. Carson was appointed as project director. He was formerly the Director of the Industrial Relations and Information Services Division of the British Columbia Electric Company Limited of Vancouver. Mr. E.F.L. Henry of C.M.S. Counsellors Limited of Toronto acted as project co-ordinator and assistant to Mr. Carson. The project team's officers follow the same pattern as previously noted with the exception that there are more representatives of the academic community.

(57) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 7. op.cit. p.89

(58) Canada. Royal Commission on Government Organization. First Progress Report. op.cit. p.6.

(59) Loc.cit.

In this connection, one finds that those aspects of the study dealing with quantitative research were placed under the direction of Professor W. Donald Wood, Director of the Industrial Relations Centre at Queen's University.

An Advisory Committee was also attached to this project team and was chaired by Mr. T.W. Eadie, LL.D., President and Chairman of the Bell Telephone Company of Canada. The Committee's Vice-Chairman was Mr. D.E. Kilgour, B.A., President of the Great-West Life Assurance Company of Winnipeg. The other members of the Committee were: Mr. W. Bherer, Q.C., of Bherer, Juneau and Cote of Quebec City; Mr. A.H. Brown, O.B.E., of the International Labour Office in Ottawa; Mr. A. Davidson-Dunton D.Sc., LL.D., of Carleton University in Ottawa; Mr. J.H. Mowbray Jones, B.Sc., of the Bowater Mersey Paper Company Limited of Liverpool, Nova Scotia; Mr. J.C. Lessard, B.A., M.B.A., of the Quebec Hydro Electric Commission of Montreal; Mr. F.H. Sherman, LL.D., of Dominion Foundaries and Steel Limited of Hamilton; and Mr. W.O. Twaits, B. Com., of Imperial Oil Limited of Toronto.

In addition to these two project teams, which, as noted, are our major concern, there were approximately 19 other research teams conducting studies for the Commission.

In concluding this rather broad overview of the Royal Commission on Government Organization, it is necessary to present, in a more condensed manner, the major points stemming from our analysis.

- (60) See. Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. op.cit. pp.241-242. See also. Canada. Royal Commission on Government Organization. First Progress Report. op.cit. p. 5
- (61) See the Commission's First Progress Report. p.4-19 for a complete listing of the project teams and their makeup -- staff and advisory Committees if they had one attached to them.

The first is that the Commission was not per se a reaction to a given situation but rather the end product of a long expressed desire. This statement does not, however, provide any insight into the motivation to create the Commission.

In this connection, it would appear that the Commission's appointment stems, on the one hand, from the belief that government administration is a costly, inefficient and wasteful operation and, on the other hand, from the desire to gain some political edge from its findings. This political dimension is, in part, compounded by the personality of the then Prime Minister, John Diefenbaker. By this, it is meant that the Commission could have provided a means for maintaining some ambiguity as to what the relationship between the bureaucracy and its political masters was to be and, consequently, assure the integrity of the Prime Minister's personal power.

Secondly, it was found that the nature of the Commission resembled that of an ad hoc management consulting firm brought together to investigate the operations of the federal bureaucracy.

Thirdly, it was demonstrated that the Commission's decision not to use public hearings forced it to rely upon the bureaucracy if it was to be successful in its endeavour. This raised a public relations problem of considerable proportion for the Commission. However, it appears that the Commission's success is, in very great part, the result of the fact that the bureaucracy was in a state of internal self-evaluation which facilitated the acceptance of a group of "outsiders" investigating its operations. Indeed, it appears that the Commission

was viewed as a vehicle that could promote changes which could not result from the internal dynamics of the bureaucracy because of the depressive effects of the veto system. It is contended that this is the reason for the success of the Commission.

Finally, it was shown that the Commission's composition goes a long way to explaining the philosophy and approach of the Commission in making its recommendations.

CHAPTER III

THE ROYAL COMMISSION ON GOVERNMENT ORGANIZATION: FINDINGS

The Royal Commission on Government Organization may justifiably be considered as a revolutionary milestone in the annals of Canadian public administration. Indeed, many of the changes which have come about in the Canadian public service during the 1960's can either trace their parentage to the "Glassco" Commission's findings and recommendations or can attribute their existence to the climate of change generated by the acceptance of its philosophy and proposals.

This chapter intends to consider the findings of the Commission in the areas of financial management and personnel management. Its objective is, on the one hand, the demonstration of the centralized and highly control oriented approach of the public service in these areas prior to

the "Glassco" Commission's inquiry and, on the other hand, the delineation of the spirit of the "Glassco" thrust in these areas with reference made to certain major recommendations.

Consequently, the chapter will not contain a detailed structural description of the organisms responsible for financial and personnel management in the public service, nor will any attempt be made to present a narrative of the Commission's recommendations in these areas. Indeed, a list of the specific recommendations made by the Commission in the financial and personnel management areas (there were twenty-seven specific recommendations made in the financial management area and sixteen in the personnel management area) is appended to the study.¹

Financial Management in the Canadian Public Service

The Pre-Glassco Period

Financial management in the Canadian public service remained remarkably static both in structure and attitude from 1930 to 1960, when Glassco was commissioned to undertake his study.

The structural and attitudinal immobilism which characterized financial management, as well as the procedural framework which served to maintain it, resulted from the rigid and literal acceptance of two fundamental principles of parliamentary democracy. These are:

- " (i) The executive should have no income which is not granted to it, or otherwise sanctioned, by Parliament."

AND

(1) See. Appendix I

" (ii) The executive should make no expenditures except those approved by Parliament, in ways approved by Parliament."²

This theoretical base has generated certain other principles and practices which are complementary, yet integral, parts of the preceding statements.

Summarily, these complementary principles stipulate that: (1) there must be a budget, prepared annually by the executive, which presents the government's financial needs for a fixed period of time (i.e. the fiscal year); (2) at the end of that period, the executive must return to Parliament to seek new funds; (3) Parliament has the right to fully criticize and debate the budget; (4) the executive is responsible for all financial planning and must account fully to Parliament for its management of public funds; (5) an independent auditor, responsible only to Parliament, audits the government's accounts and reports to Parliament; and (6) Parliament itself audits the revenue and expenditure accounts of the government in almost any way it chooses.

Hence, Parliament alone can authorize payments to be made from the Consolidated Revenue Fund, expenditures from the Fund are authorized by Parliament on the basis of annually submitted Estimates, these Estimates are submitted by the Executive and represent a detailed account of all proposed expenditures, and, Parliament can examine, discuss and criticize these Estimates and the actions of the Executive.

Taken in their totality, these principles and practices constitute the theory of accountability. This theory states that Cabinet has the responsibility for the management of the public funds and that it must

(2) Norman Ward, The Public Purse. (Toronto: University of Toronto Press, 1964) p.3.

(3) Ibid. p.4.

satisfy Parliament, the custodian of the purse, that it has managed these funds in the ways determined by Parliament. Moreover, Parliament can, if need be, through various means at its disposal, assure itself that the management of public funds has been adequate and legal.

The point to be taken here is that the financial structures and procedures of the public service were geared in such a way as to ensure that no breach of these principles was permitted to occur and that public servants were kept accountable for the moneys entrusted to their care. These ends were met through a high degree of centralization and the adoption of a rigid control attitude.

Historically, two examples can be presented to demonstrate this point. In 1878, the Consolidated Revenue and Audit Act was promulgated. It presented a comprehensive expression of the financial and audit practices of the federal government and delineated the duties and responsibilities of the Minister of Finance and the Deputy Minister of Finance and created the office of Auditor-General.⁴

The Auditor-General was entrusted with the responsibility for assuring that all payments made out of the Consolidated Revenue Fund were made in accordance with the wishes of Parliament and no payments could be made without a certificate from the Auditor-General stating that there was parliamentary authority for the expenditure. In addition to this pre-audit responsibility, the Auditor-General was also made responsible for the post-audit. In this instance, he was required to audit the public accounts after payments had been made and report any discrepancies to Parliament.⁵

- (4) See. The Consolidated Revenue and Audit Act. S.C. 1878, C.7, Section 11 of the Act creates the office of Auditor-General and sections 17 to 21 outline the duties and responsibilities of the Deputy Minister of Finance.
- (5) Canada. The Consolidated Revenue and Audit Act. op.cit.. Sections 30 to 34; 37; 42; 43; and 46.

At the departmental level, the accounting records and the financial procedures of the departments were part of the authority of the Deputy Minister. Consequently, the quality and nature of departmental financial control practices were variagated.

As a result of this arrangement, a situation developed wherein

"Votes were over-expended; expenditures were charged to the wrong vote; liabilities were incurred which committed in advance the entire amount of votes appropriated by Parliament in the succeeding year; expenditures were made out of revenues;"6

Practices such as these, linked to the growth of government departments, the increased tendency to over-spend appropriations, and the lack of means for identifying outstanding liabilities and commitments of the government, brought about a legislative revision in 1931.

The point to be **made** at this stage is that these developments served only to fortify the view that tighter controls had to be maintained over the departments if the tenets of the theory of accountability were to be adhered to.

In 1931, the Consolidated Revenue and Audit Act was redrafted and a new office, that of Comptroller of the Treasury, was established in the Department of Finance. ⁷ This new office can be described as that of the expenditure control officer of the Executive. He was responsible for assuring that departments did not spend money which had not been appropriated and that a sufficient balance remained in the relevant appropriation. Moreover, the Comptroller of the Treasury also had a contract or commitment control responsibility. In this connection, he was to ensure that no contract or commitment was entered into by a department unless the resources granted the department by Parliament were sufficiently

(6) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1 (Ottawa: The Queen's Printer, 1965) p.128.

(7) The Consolidated Revenue and Audit Act. S.C. 1930-31, C.27, S.21(1).

unencumbered to permit such a commitment. As W.C. Clark, former Deputy Minister of Finance wrote:

"In sum, the essential function of the comptroller is to see that the moneys voted by Parliament are used for the purpose for which they were intended, and that no vote for a specific purpose is exceeded."

To ensure the effectiveness of these new structural arrangements, all accounting officers and their staff in the government departments were placed under his direction and control. Consequently, all departmental accounting services were centralized under the direction of the Comptroller of the Treasury.

Finally, this legislative enactment left the Auditor-General with sole responsibility of the post-audit and the report to Parliament.

The institutional arrangements and functional divisions determined by the Consolidated Revenue and Audit Act of 1931 remained in force until 1951 when the Act was replaced by the Financial Administration Act.¹⁰ This latter Act provided a greater degree of clarification of the functions and responsibilities of the Treasury Board and the Comptroller of the Treasury and restated the functions and responsibilities of the Department of Finance and the Auditor-General. It also redefined the financial management practices of the federal government. However, it brought little or no change to the spirit which guided the functioning of the system.

Finally, a word must be said regarding the activities of the Treasury Board. The Treasury Board was created the day after Confederation by Prime

(8) The Consolidated Revenue and Audit Act. op.cit. S.27(1)(3)(4) and S.29(1).

(9) W.C. Clark, "Financial Administration of the Government of Canada", Canadian Journal of Economics and Political Science. IV, (1938) pp. 391-419. as quoted in Norman Ward, op.cit. p. 168. See also. Canada. Royal Commission on Government Organization. Vol. 1, op.cit. p.128.

(10) Revised Statutes of Canada, 1952, C. 116.

Minister John A. MacDonald but did not receive statutory sanction until the passage of the Department of Finance and Treasury Board Act in 1869.¹¹ Treasury Board was then established as a Committee of the Queen's Privy Council -- in effect, a subcommittee of Cabinet -- and given formal responsibility for the supervision of all matters relating to finance, revenue and expenditure. Seemingly, by 1910, it had begun the practice of reviewing the Estimates and became progressively more involved with the administrative, as opposed to policy, aspects of government activity. Subsequently, it began exercising a progressively more detailed control¹² over departmental activity.

This cursory overview of the structures and legislative enactments governing the financial management activities of the federal government permits the following considerations. The system of financial control which existed at the time the Commission made its inquiries had changed little since 1931. The institutional arrangements made at that time reflected the spirit of the time, namely, that a tight control be maintained over the operating departments in order that expenditures be kept under control. In this way, the situation which obtained prior to the passing of the Consolidated Revenue and Audit Act of 1931 would not repeat itself. Moreover, the paternalism and centralization resulting from these practices was not considered to be inherently bad because the demands of the theory of accountability were satisfied.

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- (11) Statutes of Canada 1869, c.4. See also. W.H. White and J.C. Strick, Policy, Politics and the Treasury Board in Canadian Government. (Don Mills: Science Research Associates (Canada) Limited, 1970) p. 9 and 18.
- (12) This fact has been well documented. For an excellent discussion of the extent and nature of this control, see W.H. White and J.C. Strick, op.cit., pp. 20-44 and J.E. Hodgetts et al. The History of the Civil Service Commission of Canada, 1908-1967. (Unpublished Manuscript) 1972. Chapter Seven. (The Thirties: Depression, Austerity and the Rise of the Treasury Board).

However, the commitment to the statu quo was such that no questions were raised nor entertained regarding the applicability of such an approach to a changing environment exerting pressures which demanded a new outlook and orientation.

The "Glassco" Commission's Findings

The Royal Commission on Government Organization was highly critical of the nature and operation of the financial management activity in the Government of Canada. Its recommendations were at once a striking contrast and a radical departure from the real situation it assessed.

The Commission began by noting, as we have done, the fact that the system of financial management used in the public service had remained virtually static for approximately thirty years. The system was one which admirably suited the control aspirations of a small-scale organization such as the pre-war public service. However, the system was now found to be virtually useless and quite maladapted to an organizational structure which had become more active, complex and varied in its service and activities.

In effect, the Commission found that the existing system was:

"...cumbersome, with a multiplicity of checks, counter checks, and duplication, and blind adherence to regulations is too often given precedence over efficiency and despatch."¹³

Moreover, the rationale presented for the maintenance of such a system, namely that it assured accountability, was found to be erroneous. Indeed:

(13) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1, op.cit. p.94

"Inadequate delegation of authority, divided responsibility, all the duplicate and repetitive checks, make it virtually impossible to assess responsibility for error or inefficiency in such a way that the public servant can be held accountable."¹⁴

The Commission appears to be noting in these statements that the desire to ensure strict adherence to the theory of accountability by rearranging structural elements and enacting or issuing more and more regulations, had resulted in the creation of a labyrinth which made it next to impossible to identify responsibility centres and thereby assure accountability. This, in turn, rendered the system quite inefficient.

The inadequacies of the financial management system, as perceived by the Commission, required rectification of a radical nature. However, prior to making proposals for change to the system and its outlook, it was necessary to establish a theoretical basis. The Commission did this by elaborating a conceptual representation of what a financial system should do and by eliminating those obstacles to efficiency which arise from the debate surrounding the inherent differences of public and private administrative systems.

The Commission therefore postulated that:

"Budgeting, accounting and other financial measures are a means of providing all levels of management with targets or objectives so that the performance of each can be measured. They also provide a check on the efficiency with which available resources, material and human, are used".¹⁵

This theoretical representation provides for the supervision of the efficiency and effectiveness of government operations and also enables better adherence to the theory of accountability because it permits the identification of responsibility centres.

(14) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1 op.cit. p. 95

(15) Loc. cit.

Sensing that the acceptance of this theoretical position, the basis on which more specific recommendations were to be made, would encounter obstacles, the Commission attempted to minimize these difficulties by positing that the argument regarding the inapplicability of business practices to public administration, because of the lack of incentive provided by a profit motive, did not obtain. The basis for this position was that:

"Modern business, losing with growth much of the direct incentive provided by profits, has been forced by competitive pressures to develop techniques to meet modern needs."¹⁶

Because this growth and complexity factor is also existent within the public service, it must adopt "modern and efficient management methods."

The point to be taken here is that the reality of the situation and the pressures exerted by that reality had changed and required that the public service react to these changes in a more positive and dynamic fashion. These new management methods, it was proposed, would provide the public service with the necessary flexibility to adapt to, and more adequately meet, these changing pressures.

This more general discussion enabled the Commission to identify many of the financial management system's shortcomings and make recommendations for their alleviation or eradication.

The Commission directed its attention to two of the most flagrant and essential shortcomings of the system. The first of these was the system's serious deficiency in the planning area. This resulted essentially from the system's control orientation which brought about a situation wherein higher level management, both at the departmental and

(16) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. op.cit. pp. 98-99.

the Treasury Board level, became emersed in a mass of detail and could not perform the higher level planning activities incumbent upon them. This criticism was applied most emphatically to the Treasury Board's activities regarding the preparation of the Government's annual financial plan, the Estimates.¹⁷

In considering the procedures involved in Estimates preparation, their nature and the role of the departments and Treasury Board, the Commission concluded that:

"... the present procedures in developing and reviewing the Estimates are wasteful and inefficient. The form of the Estimates does not permit intelligent criticism and, in placing the major emphasis on the nature of the expenditure rather than on its real purpose, the matters coming under senior review are the less important details of administrative judgement. Any valid assessment of performance by departmental management is excluded, and it is virtually impossible to form any objective judgement from the Estimates as to the desirability of continuing, modifying, or enlarging specific programmes in the public interest".¹⁸

The Commission, moreover, emphasized that the planning activity, in order to be fruitful, had to be extended beyond an annual cycle and project some years into the future. These findings brought the Commission to make specific recommendations which would place the system's operations on the desired course.¹⁹

The second major shortcoming to which the Commission directed its attention was the excessive degree of centralized control placed upon departments by such external agencies as the Treasury Board and the Comptroller of the Treasury.

(17) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. op.cit. p.98-99.

(18) Ibid. p. 100

(19) See Appendix I for a list of the Commission's specific recommendations in the financial management area.

Indeed, the lack of delegation of authority and the mistrust of departmental operational activities brought about the undue intervention of these central agencies into the operational activities of the departments.

In considering the Treasury Board's activities in this connection, the Commission found that it had adopted a policy which effectively curtailed:

"... the managerial freedom of operating personnel by multiplying controls, ceilings and regulations. Departmental heads, with their authority so circumscribed that they are unable to delegate authority to the manager in the field, tend to surround him with more restrictive controls."²⁰

The result of such an approach was that Treasury Board was inundated with administrative detail amounting to approximately 16,000 submissions annually.

The same kind of situation was noted in the case of the Comptroller of the Treasury. Indeed, his role in the control structure was such that the Commission likened him "... to a policeman patrolling the departments²¹ to ensure financial rectitude."

In order to alleviate this basic shortcoming, the Commission expressed its unqualified belief:

"... that departmental management must be entrusted with the power of decision in many areas now being controlled by the staff of the Treasury Board."²²

In this way, those officers having the responsibility for the administration or execution of a government activity would have the adequate authority to carry out that activity efficiently. Moreover, such an approach would contribute to the development of a greater sense of responsibility among

(20) Canada. Royal Commission on Government Organization. Management of the Public Service, Vol. 1, op.cit. p. 102.

(21) Ibid. p. 105

(22) Ibid. p. 103

department managers and free Treasury Board in order that it may "... concentrate on the essential task of reviewing the programmes and objectives of departmental management in relation to overall government policy."²³

In the same vein, it was noted that departmental management should be capable of undertaking most of the activities for which the Comptroller²⁴ of the Treasury was responsible.

In terminating these considerations on financial management, it is necessary to point out that the Commission attempted to streamline the Government's operations in the financial management area by providing it with a new approach and a new set of techniques which would enable it to respond in a more flexible and effective manner to the pressures and complexities of a situation which had changed and was continuing to change at an ever increasing rate.

In this way, the Commission introduced the public service to the realities of modern management, not for the sake of modern management, but because the existing system of financial management was technically outdated and badly oriented attitudinally. In the Commission's view, it was conceivable that the system may have broken down under the strain of the pressures it would have to meet in the future.

Personnel Management in the Canadian Public Service

The Pre-Glassco Period

The immobilism, centralization and control attitudes which characterized financial administration were also prevalent in the area of personnel administration. Indeed, a complex, pervasive and somewhat mechanistic system of

(23) Canada. Royal Commission on Government Organization. Management of the Public Service, Vol. 1, op.cit. p. 102

(24) Ibid. p. 106.

personnel administration had developed which had a debilitating effect upon the effective administration of personnel within the public service.

The desire to curb political patronage is the cornerstone around which the system of personnel administration grew. Prior to 1908, and for some time afterwards, the Minister responsible for the activities of the various departments composing the civil service were vested with full authority over hiring, promotion, dismissals and salary determination. Such a system undoubtedly permitted freedom, flexibility and despatch in the appointment of personnel. However, these advantages were nullified to a large extent by the practice of placing greater importance upon the political sympathies of candidates rather than their qualifications. Moreover, in many instances, appointments were often the obvious reward for political services rendered. These types of considerations also governed promotion and pay levels to a large extent.

Such practices resulted in persons of ability being overlooked for promotion and appointments and the development of inequities of pay for employees doing broadly similar jobs. Finally, changes in government often resulted in extensive dismissals and new appointments or to the creation of
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new positions and overstaffing.

In 1908, a serious attempt was made to curb political appointments. The Civil Service Commission was created and empowered to appoint candidates to the civil service. Moreover, competitive examinations were introduced in order to establish a fairly sound basis for assuring selection on the

(25) See R.H. Dowdell, The Elements of Personnel Management in the Civil Service of Canada. Carleton University 1965. p. 28-29. For an extensive discussion of patronage see V.S. Wilson, Staffing in the Canadian Federal Bureaucracy. (Doctoral thesis: Queen's University, 1970). p. 28-67.

basis of merit and, finally, civil servants were prohibited, on pain²⁶ of dismissal, from indulging in political activity.

Many shortcomings within the Act did not, however, permit it to effectively eradicate the practice of patronage. Indeed, the Act applied only to Ottawa or the "Inside Service"; it exempted from its provisions those persons in the professional and technical staff; it permitted the Commission to do nothing more than certify the qualifications of a departmental nominee in matters of promotion and, finally,²⁷ it permitted departments to make "temporary" appointments.

As a result of these shortcomings, patronage remained rampant in the "Outside" Service and continued, in a diminished manner, in departments through "temporary" appointments. The situation was such that, by 1917, the Secretary of the Commission was able to state that "...²⁸ the Civil Service Act was practically a dead letter."

However, by 1917, the pressures exerted upon the administration by the war permitted civil service reform. The Coalition government extended the 1908 Act to the totality of the Service by Order in Council²⁹ and, in 1918, the Civil Service Act was passed.

The best provisions of the 1908 Act were retained in the Civil Service Act of 1918. These provisions related to the creation of an independent Civil Service Commission; to the merit system guarded by the technique of competitive examinations and the prohibition against political

(26) The Civil Service Amendment Act. S.C. 1908, 7-9, Ed. VII, c.15.

(27) Canada. Civil Service Commission. Personnel Administration in the Public Service - A Review of Civil Service Legislation. (Ottawa: the Queen's Printer, 1965). p. 5

(28) Canada. House of Commons Journals. Appendix No. 5, (Ottawa: the King's Printer, 1923). p. 181 as quoted in Loc.cit.

(29) Civil Service Act. S.C. 1918, 8-9, Geo. V., c.12.

activity by civil servants. However, the Act of 1918 went much further:

"Its provisions extended to the Outside Service and included exclusive power of appointment and promotion (including temporaries and technical and professional staff) by the Commission. A new classification system was established after exhaustive study and the Commission was made responsible for its administration. The Commission was also required to undertake an important role in determining departmental organization and become responsible for recommending all rates of compensation."³⁰

This Act, which was to govern the administration of personnel within the public service for approximately 50 years, provided the foundation for the development of a career civil service based upon merit and presented a solid bulwark against the practices of patronage. Indeed, the raison d'être of the Act and the Civil Service Commission was to protect the civil service from the "malign influence of patronage."³¹

Though the Act and the system of personnel administration to which it gave birth solved the most flagrant problems affecting personnel administration in the public service, they created others. These new problems were essentially systemic in nature and the result of a static perception of the function of personnel administration.

These new problems have been identified, documented and given some manner of official recognition in two studies conducted prior to the Glassco Commission enquiry.³² In 1946, the Gordon Commission found that there

(30) Canada. Civil Service Commission. Personnel Administration in the Public Service. op.cit.. p. 6

(31) See Ibid. p. 8. See also Canada. Royal Commission on Government Organization, Management of the Public Service. Vol. 1 (Ottawa: Queen's Printer, 1962) p. 359.

(32) These two studies are: 1) the Gordon Commission (Canada. Royal Commission on Administrative Classifications in the Public Service. (Ottawa: King's Printer, 1946). and 2) The Heeney Report. (Canada. Civil Service Commission. Personnel Administration in the Public Service. (Ottawa: Queen's Printer. 1959).

existed a lack of high caliber men in the senior and intermediate levels and, consequently, that delegation was inadequate; that responsibility for the overall management and direction of the civil service was ambiguous and resulted in a lack of effective machinery for the identification, training, transferring and promotion of capable civil servants into the higher levels of the service; that little or no machinery existed capable of dealing, in a prompt and decisive manner, with organizational changes or with the problem of redundant, unsuitable or incompetent personnel; and finally, that appointments and promotions at all levels within the service were fraught with extensive delays.³³

The Gordon Commission identified three main structural or systemic factors which greatly contributed to the creation and maintenance of this state of affairs. The first of these factors was the detailed, highly specialized and complex classification scheme which had been developed between 1918 and 1920. Indeed, the Civil Service Commission's persistent, if not fanatical, desire to work within the confines of this rigid classification scheme led to an overemphasis on recruiting specialists, rather than generalists of intelligence and capacity, to fill those ranks from which high caliber administrators were drawn. Moreover, the scheme's inflexibility hindered the transfer of personnel and made the machinery of promotion slow and cumbersome. Finally, the classification scheme's inherent complexity multiplied the amount of detailed administrative work involved in appointing and recruiting candidates and, consequently,³⁴ caused delays.

The second factor to which the Commission pointed was the overlapping

(33) Canada. Royal Commission on Administrative Classifications. Report.
op.cit. p. 11

(34) Ibid. pp. 13-14

of functions and responsibilities between the Civil Service Commission and the Treasury Board. The problem arose out of the fact that the Civil Service Commission had the ultimate authority to decide in matters pertaining to recruitment and promotion but only an advisory or recommendatory responsibility in areas affecting the organization of departments, the types of positions required and scales of remuneration. These latter elements fell within the province of the Treasury Board. The problem was one wherein:

"The Treasury Board has the authority in relation to all matters of establishment and organization but not the immediate responsibility; the Civil Service Commission has the responsibility but not the authority."³⁵

The course of action recommended by the Gordon Commission was to transfer the latter elements identified to the Treasury Board and thus allow the Civil Service Commission to concentrate primarily on matters of recruitment.

The final factor identified by the Gordon Commission was the rudimentary and routine nature of the personnel machinery and procedures within the departments.

The Gordon Commission study indicates the predominance of the merit system over the merit principle and the shortcomings of such an orientation, the ambiguity of responsibilities existing between the two central control agencies in the area of personnel administration, and, finally,

(35) Canada. Royal Commission on Administrative Classifications. Report. op.cit. p. 17.

(36) Ibid. pp. 21-22.

(37) For the distinction between the merit principle and the merit system, see A.H. Dowdell, "Personnel Administration in the Federal Public Service", in A.M. Willms & W.D.K. Kernaghan, Public Administration in Canada: Selected Readings (Toronto: Methuen, 1968) p. 367.

the degree of centralization in the personnel area and the subservient position of the departments.

The Heeney Report did not act as a tribune for attacking the shortcomings of personnel administration but served a more positive purpose. It attempted, in effect, to provide a new orientation to the practice of personnel administration.

The report recognized that the principle issue with which it was faced was that of allowing the administrator to do his work while at the same time maintaining a "... measure of central control necessary to ensure a career service based on the merit principle and governed by uniform standards."³⁸

It recognized, moreover, that the context in which the machinery of government operated had changed and that consequently the orientation and needs of personnel administration had also changed. Indeed, the pre-occupation was less with the necessity of eliminating political patronage, nepotism and administrative malpractice and more with the needs of administrative adaptability and procedural despatch.³⁹ In this connection, the Report stated that "... a monolithic merit system is not in itself enough" and that "... some of the provisions of our present law are no longer suited to the requirements of modern government."⁴⁰

The Report consequently presented a series of objectives which should govern the personnel administration function⁴¹ and admitted that the

(38) Canada. Civil Service Commission. Personnel Administration in the Public Service, op.cit., p.3.

(39) Loc. cit.

(40) Ibid. pp. 8-9

(41) See Ibid. p. 9

existing system inhibited prompt and efficient administration. In this connection, it placed a premium on the practice of decentralization and delegation to departments. In this way, the managers in the departments would be provided with "... more administrative flexibility than is possible under the present law."⁴²

The point to be taken in this overview of the Heeney Report is that it ~~chose~~ not to dwell unduly upon the shortcomings of personnel administration. It recognized these shortcomings but concentrated upon providing a new orientation to the management of personnel in the civil service. It sought to explain, with great clarity, that the existing system of personnel administration stemmed from an overemphasis of the values underlying the original legislation in this area and that the protection of these values was sought in the rigid confines of the merit system.

Having done this, the Report did not proceed to reject these values but concentrated upon establishing guidelines and approaches which would better adapt and integrate them into a new environment. In this connection, the intent of the Heeney Report is very close to that of the Glassco Commission study in the area of personnel administration. Indeed, together they undoubtedly constitute the foundation which enabled changes and modifications to be made to the merit system.

The "Glassco" Commission Findings

The Royal Commission on Government Organization was highly critical and somewhat unimpressed with the system and practices of personnel

(42) Canada. Civil Service Commission. Personnel Administration in the Public Service. op.cit.. p. 11

administration in the public service. Indeed, it noted "... that the procedures devised for the management of people in the Canadian public service have been less than adequate" and that they "... frequently waste resources, do little to bring out top performance, and fall short of creating a dynamic and unified public service."⁴³

This state of affairs demanded that substantive changes be brought to the operation and orientation of the personnel management function in the public service. The Commission recognized this need for change and committed itself to the formulation of proposals which would result in changes going "... well beyond the repair and patching of an existing system for managing personnel in the public service."⁴⁴

Concomitant with this approach, the Commission formulated a philosophical framework which would guide its thoughts on the direction and nature of the changes to be effected. In this context, it stipulated that the objective of personnel administration should not be to subjugate the individual to the system, but rather "... aim at inspiring the best performance by recognizing his (the individual's) motives, capacities and needs."⁴⁵

In stating this objective, the Commission relied upon the premise that the effective use of personnel is "... the primary determinant of the success with which the public service fulfills its obligations to the citizens of Canada". The premium was therefore placed upon assuring effective performance. Effective performance would only be attained, however, if two conditions were met:

(43) Canada. Royal Commission on Government Organization, Management of the Public Service. Vol. 1 (Ottawa: The Queen's Printer, 1965)
p. 245 and 246.

(44) Ibid. p. 249

(45) Ibid. p. 247

"First, skills of high quality must be appropriately combined and balanced in ways best suited to the range of tasks to be done: good initial recruiting, proper training, and opportunities for personal development, will ensure that these conditions are met. Second, the talents available must be intelligently used, and the efforts put forth by public servants must be wisely guided."⁴⁶

This new orientation and such a clear statement of the objectives which should guide the management of people leaves little room for doubt regarding the Commission's intentions to effect fundamental changes in the personnel management function.

In terms of these ideals, the existing system of personnel administration had not been successful. The personnel of the public service was found to be talented and capable but these qualities resulted more "... from fortunate recruiting in the past, than from its present attractions for talented people."⁴⁷

The system, however, had really failed in the areas related to the development and use of its human resources. These failings resulted from two serious systemic flaws. The first of these was the system's ignorance of personnel management as an integral part of total management. In this connection, the Commission urged recognition of the fact that the personnel management responsibility could not be effectively discharged "... by staff or control bodies remote from the operational areas ..." and that "... the senior officers of departments and agencies must have the right to manage personnel and be held responsible for doing so efficiently." The second systemic flaw was that the system had "... not encouraged a comprehensive and co-ordinated approach to personnel management throughout

(46) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. op.cit. p. 245.

(47) Ibid. p. 246

the entire service..." nor had all "... the relevant knowledge and experience available today been effectively tapped."⁴⁸

It is against this philosophical and analytical backdrop that the Commission's proposals must be considered. The system of personnel administration in the public service was static and ineffectual because the desire to minimize assaults on the merit principle had resulted in the growth of a merit system which was inefficient in operation and restricted in outlook.

The thrust of the Commission's recommendations was such that its proposals attempted to reallocate the authority and responsibility patterns for personnel administration in such a way as to assure the effective use of the human resources at the disposal of the public service. The vehicle it proposed as the means of rationalizing and streamlining these authority and responsibility patterns was decentralization. Indeed, the Commission recommended that the departments be vested with the authority and responsibility to manage their own personnel.⁴⁹

This commitment to decentralization would serve two purposes. On the one hand, it would allow the development of a unified public service by eliminating the anomalies of personnel administration whereby certain agencies were allowed to manage their personnel and others were not; and,

(48) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. 1. op.cit. p. 245.

(49) Ibid. p. 255 and p. 259.

on the other hand, the central agencies would be allowed to play the role assigned to them -- and which logically was theirs -- in the Commission's Plan for Management. This role was that of general policy determination and co-ordination within the public service as well as an evaluative responsibility regarding departmental personnel administration activities in order to assure that the demands of the concept of accountability were met.

This approach would also require the strengthening of the Personnel Division of the Treasury Board in order that the problems associated with the "establishment review" procedures be eradicated by allowing personnel needs to be considered in the context of program demands. Finally, this orientation would grant the operating departments the necessary freedom to deploy and use their personnel without being unnecessarily fettered by detailed restrictions but always accountable for the efficient use of their personnel.

In this scheme, the Civil Service Commission's role would be greatly reduced. It would be responsible for the certification of all initial appointments to the public service in order to ascertain that selection had been made in conformity with standards established to maintain the merit principle. In this way, the operational freedom of the departments would be maintained because the Civil Service Commission could not impose procedural or other restrictions upon them.

(50) Canada. Royal Commission on Government Organization. Management of the Public Service, Vol. I, op.cit. p.255 and p. 259. See also. op.cit. p. 48-66 for the Commission's Plan for Management.

(51) Canada. Royal Commission on Government Organization. Management of the Public Service. Vol. I, op.cit. p. 256-267.

The Civil Service Commission would, however, continue to offer its services as a central recruitment agency but would not retain its control powers. In this connection, it would have complete control over the recruitment, selection and assignment of persons in the \$5,200 salary⁵² range but departments would have the authority -- not as a result of delegation, but of right -- to recruit their personnel above this level.⁵³

The other responsibilities of the Civil Service Commission would be to act as a final court of appeal on all grievances relating to disciplinary matters, to operate common training programs and facilities for the benefit of departments and agencies (as required by Treasury Board), to assist departments and agencies in the conduct of interdepartmental competitions and finally, through its control over the operations of the Pay Research Bureau, provide Treasury Board and other parties, if so decided, with information on outside wage and salary levels, employee⁵⁴ benefit plans and working conditions.

The end result of the Commission's proposals for the reform of the personnel administration system was to substantially reduce the control powers of the Civil Service Commission and increase the power of the Treasury Board and the operating departments. As a result of this new orientation, the existing control structure in personnel administration would be largely dismantled and replaced with a system wherein controls would be used in a broad manner. Moreover, the approach propounded would serve to introduce flexibility and adaptability into the system by allowing manpower needs to be assessed by the operational structures.

(52) This level was to be adjusted over the years to conform with changes in wages and salaries.

(53) Canada. Royal Commission on Government Organization. Management of the Public Service, Vol. 1, op.cit. p. 263-265.

(54) Ibid. p. 299.

Conclusion

This discussion has demonstrated the gap which existed between the outlook and approach of the Glassco Commission and the existing systems of financial and personnel management.

The existing systems of financial and personnel management emphasized centralized control and paternalism. This emphasis resulted in a lack of systemic flexibility, a preoccupation with administrative detail on the part of those central agencies which should have concerned themselves with policy guidance and the general supervision of operating departments, ambiguity of responsibility patterns between the central agencies, duplication of tasks and, generally, the weakness of operating departments. On the whole, the situation was such that these systems ignored the attitudinal and technical changes resulting from environmental pressures. Moreover, these systems maintained an unflinching and blind adherence to values which, in many instances, no longer obtained. In turn, this stance buttressed and maintained the control orientation and paternalism of these systems vis-à-vis the operating departments.

This immobilism is quite marked in the area of financial management. This function was presumably more conservative and bureaucratic in its outlook because of the nature of its personnel and the predominance of the myth governing its activities. Indeed, the importance of financial administration, because of the theory of accountability and the omnipresence of Parliament, probably had a very depressive effect upon any proposals for change which would tend to modify existing procedures. In this instance, the bureaucratic veto system, goal displacement and the career perceptions of the bureaucrats active in this area probably militated against change.

Personnel management, on the other hand, was subjected to scathing criticism by two inquiries. The Gordon Commission's recommendations failed to stir the government or the bureaucracy to action. The Heeney report, however, resulted in the enactment of the Civil Service Act of 1961. This legislative change did not, however, result in a substantial change in the Civil Service Commission's approach or procedures in personnel management. Moreover, no rationalization of the functional responsibilities of the Civil Service Commission and Treasury Board resulted.

In this connection, it is again probable that the bureaucratic veto system and the desire to minimize change and promote conformity also played a stifling role. Moreover, it is submitted that the goal displacement and career perception factors also acted in a manner that would reduce the disruptive effect of proposals for change.

The impression left is that the federal bureaucracy was indeed a bureaucracy in the classic organizational sense of the word and consequently suffered from the dysfunctions inherent in this type of organization. These dysfunctions were bolstered, in turn, by the bureaucrat's capacity to point to a well entrenched and unassailable ideology such as the merit principle or the theory of accountability. Consequently, little or no attempt was made to place these values within their proper perspective in the light of a changing environmental reality.

In this context, the Glassco Commission attempted to inject some adrenalin into these values and structures. This was done by presenting a new philosophy, that of decentralization, which took into account

these governing values but within their proper context. On the other hand, the Commission recommended a number of more "technical" actions which would result in the dismantlement and streamlining of the control structure and in the reallocation of functional responsibilities.

The cumulative effect of these actions on the bureaucracy would be to render it more adaptive, more flexible and increase its capacity to meet and cope with the new and ever present demands being placed upon it by its environment.

CHAPTER IV

THE AFTERMATH OF GLASSCO: THE PROCESS OF IMPLEMENTATION

Contrary to the fate of the majority of its predecessors, the Royal Commission on Government Organization's recommendations did not go by the wayside, but, rather, became part of the administrative reality of the federal bureaucracy. In a word, its proposals were implemented.

It is the aim of this chapter to provide insights into the process of implementation. Indeed, the evidence clearly indicates that the apparent dysfunctions and inherent tendencies of a bureaucracy to resist substantial change were overcome. The process, in the case of Glassco, is a beguiling one.

This chapter will be composed of two parts, each having a specific objective. The first part will present an overview of the process of

implementation. The attempt will focus upon the presentation of the nature, reasons, forces and structures which composed and directed the implementation process. The second part of the chapter will direct its attention to the study of the Committee of Senior Officials which played a leading role in the implementation process and had the somewhat onerous task of reviewing the Glassco philosophy as well as the more encompassing recommendations presented in the financial and personnel management reports of the Commission's first volume. Here the attempt will be to identify the nature and direction of the Committee deliberations.

The Process of Implementation: An Overview

The first steps toward the implementation of the Glassco Commission's recommendations were taken well before the Commission concluded its inquiry. In fact, the origins of the implementation process can be traced back to April of 1961, a full seventeen months prior to the publication of¹ the first volume of the Commission's report.

The initial impetus for consideration of an approach to implementation was developed among the members of the central executive staff of the Royal

(1) It was published in September of 1962.

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Commission. Indeed, as will be shown, the senior officers of the Commission formulated the framework which was later to be adopted when implementation actually got underway.

The catalyst which sparked these considerations was the development of preliminary findings on the part of the Commission's research teams and the desire to adhere to the general policy adopted by the Commissioners that draft conclusions and recommendations be discussed with senior officials.

The problem inherent to this matter was that of deciding when the senior officials should be consulted. This problem raised the ancillary question of the type of consultative machinery which should be established. The answer to this ancillary question led to the development of an approach to implementation.

On the matter of consultation with senior officials, the Commission's officers believed that, in the case of findings relating to the organization and practices of particular departments or agencies, discussions with senior officials would suffice. Such an approach was, however, considered impractical in the case of findings pertaining to all or a large number of departments, as was the case with the financial and personnel management recommendations.

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- (2) The main driving forces behind the push for implementation at this stage were Mr. R. Ritchie, the Commission's Executive Director, and Mr. F. Milligan, the Commission's Director of Research. It appears that, at an early stage in the Commission's establishment, they were both intent on getting a discussion of the Commission's recommendations going and thereby avoid the fate of many of its predecessors. It was their view that the study, of itself, was a useful process and they believed that whatever did emerge from it should be subjected to a process of active discussion. J.G. Glassco, the Commission's Chairman, was himself interested in its outcome and though he refused to become a lobbyist, as did Hoover in the United States, he did not prohibit talks and contacts by members of the staff with senior officers in the public service. Confidential Interview.

Some form of machinery was therefore necessary for obtaining representative views. The Commission did not, however, think it within its province to decide which views were representative. This task was more appropriately that of the Privy Council Office or, more particularly, that of the Clerk of the Privy Council, Mr. R. Bryce.³

Consequently, the approach proposed was that of suggesting to the Privy Council Office that it designate a consultative panel of senior officials - preferably at the deputy minister level - or, alternatively, a number of panels having a membership appropriate to the various subjects likely to be included in the Commission's major findings. It was further suggested that an officer of the Privy Council be designated as secretary to these panels in order to provide an administrative channel for soliciting views, distributing findings and arranging meetings.⁴

The officers of the Commission were of the opinion that consultative machinery established along these lines would constitute a worthwhile step toward the prompt consideration of a programme of implementation because it would anticipate the actions the government would likely take in considering the feasibility of implementing the Commission's recommendations after it had reported. Indeed, it was believed that

"If these arrangements were to be adopted during the current year, it would mean that the machinery necessary for considering implementation would be in full existence when our reports are submitted, and that the officials involved would be familiar with the main recommendation and the reasoning behind them."⁵

(3) Royal Commission on Government Organization. Internal Documents, (Unpublished). Procedures for handling preliminary findings. April 12, 1961. pp. 3-4.

(4) Ibid. p. 3

(5) Loc.cit.

In essence, this approach meant that the senior levels of the bureaucracy would be sensitized to the Commission's approach and proposals and this would consequently increase the possibilities of implementation.

The Commission's officers also accentuated other elements of what they perceived to be a successful approach to implementation. They stressed the need for a planned programme of implementation extending over a period of time because the scope and depth of the Commission's recommendations could cause disruptions of government services and dislocate the careers of individual public servants. By-products such as these would therefore have to be minimized. Moreover, it was suggested that the detailed planning and direction of such a programme would require the services of a highly competent technical O and M staff.

Finally, it was suggested that thought be given to the carry-over of some members of the Commission's staff during the implementation period to provide continuity. It was not submitted that they be absorbed into the public service, but rather retained on a consultative basis.

These were the main elements of the approach to implementation devised by the executive officers of the Royal Commission. This approach, moreover, tends to indicate that these officers were intent on not letting the Commission's work go by the wayside. A combination of variables was to make this desire a reality.

The move for implementation by the executive officers of the Royal Commission was also carried out at a more informal level. Indeed, this approach to implementation was never, as well as can be ascertained,

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- (6) Royal Commission on Government Organization. Internal Documents, (Unpublished). Implementation Problems to be Discussed with Mr. Bryce. April 25, 1961. pp. 1-2.
- (7) Royal Commission on Government Organization. Internal Documents., (Unpublished), April, 1961, p.3.

"formally" presented to the Privy Council Office. Rather, informal channels of communication were established with Mr. Bryce, the Clerk of the Privy Council. The creation of these lines of communication resulted from the express desire of Mr. Bryce. Indeed, during the Spring of 1961, Mr. Bryce informed Messrs. Milligan and Ritchie that he wished to meet with them. The purpose of this encounter was ostensibly to discuss the Commission's approach and its basic questions about government operations. This meeting was viewed as an excellent opportunity to raise questions regarding the consultative machinery as well as the elements of the approach to implementation developed by the executive officers of the Commission.⁸

A meeting was, in effect, set for mid-May of 1961 and Mr. Bryce was informed of the approach to implementation which had been developed. Mr. Bryce was very receptive to these proposals, but felt that it was too early to start taking formal steps. He did, however, agree that it was time to start giving the matter some serious thought. Two other meetings were subsequently arranged with Mr. Bryce and these matters were again discussed. Finally, Mr. Bryce was provided with information copies

(8) Royal Commission on Government Organization. Internal Documents, (Unpublished). Procedures for handling preliminary findings. op.cit.. p. 3.

of the first volume of the Commission's report prior to it being sent
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to the printer.

The next noteworthy step towards the implementation of the Glassco proposals was taken in August of 1962. At that time, both Mr. D. Yeomans
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and Mr. H. Hindley were approached by Mr. Bryce and offered positions in the Privy Council Office. The purpose of this offer was to retain them within the public service to help follow up on the implementation of the Glassco Commission recommendations.

The movement of Messrs. Yeomans and Hindley into the Privy Council Office at the request of Mr. Bryce is of the utmost significance. Indeed, it indicates, on the one hand, that an element of the approach to imple-
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mentation devised by the Commission's executive officers was accepted and, on the other hand, it seems to disclose that Mr. Bryce had decided, prior to the Commission's demise, that its basic recommendations were to be implemented. Moreover, at this point, there does not appear to have been any political involvement by Ministers or the Cabinet, nor any
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decisions made on the question of implementation.

The point to be taken here is that the bureaucracy, in the person of Mr. Bryce and possibly certain other senior officials, decided not only that

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- (9) Confidential Interview. The consultative machinery proposed by the Commission's executive staff was not created. Consultation with senior officials was carried out on an ad hoc basis by the research teams during the course of the inquiries and by the executive staff during the drafting of the final reports.
- (10) Mr. Yeoman was the Commission's Director of Organization Research and Mr. Hindley was a research co-ordinator. Both feel that Mr. Bryce's offer resulted from the intervention of Mr. Milligan. Confidential Interview.
- (11) See Supra. p. 90.
- (12) From this point on, however, the political variable becomes important.

the Commission's recommendations were valid and necessary, but also that
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they were to be implemented.

Notwithstanding this interpretation, the nature of the bureaucracy is such that the implementation of recommendations having such portent effects requires some manner of political sanction to be truly widespread and effective. That sanction was forthcoming.

On October 30th, 1962, the formal approach to implementation to be
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adopted by the government was determined by Cabinet. At that time, Cabinet decided that the machinery of implementation was to be composed of

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- (13) Certain arguments can be presented in support of this position. On June 18, 1962, a general election was held. The conservative party emerged victorious, but by a slim margin. Moreover, in the eyes of the electorate, Mr. Diefenbaker had lost many of the divine qualities attributed him in 1958. Indeed, the public had come to view the Diefenbaker government as ineffectual, undecisive and more intent on promoting rhetoric rather than action. (See J.M. Beck, Pendulum of Power, (Scarborough: Prentice Hall, 1968) pp. 329-331.

Given this context, it is most probable that Mr. Bryce had surveyed the situation and felt that, as a result of it, and because of his personal relationship with Mr. Diefenbaker (in fact, Mr. Bryce was one of the few or perhaps the only bureaucrat that Mr. Diefenbaker trusted. Confidential Interview. He could convince Mr. Diefenbaker that the implementation of the Glassco recommendations would present the government as decisive and profit Mr. Diefenbaker politically. In essence, Mr. Bryce felt that he could obtain the requisite political permission to formalize a bureaucratic process that was already underway.

Other interpretations are possible. A more Machiavellian one would be that the bureaucracy saw in Glassco a means to greater power - a vehicle that would allow it to regain the ascendancy it had enjoyed prior to Mr. Diefenbaker's election and proceeded to capitalize on the situation.

- (14) Whether this decision resulted from the influence of Mr. Bryce or from a political or intuitive reaction on the part of Mr. Diefenbaker will probably never be known. However, it is possible to conjecture that the decision to implement was political window dressing and that Mr. Bryce's actions following this meeting resulted from a request that he produce a series of ten or so recommendations that could "safely" be implemented immediately. The creation of the Committee of senior officials discussed later would be the "best" way of responding to such a request.

a committee of senior officials responsible for reviewing in detail the Glassco recommendations regarding the organization and administration of government, assessing their practicability and identifying those recommendations which were acceptable. The machinery was also to include a special Cabinet Committee which ostensibly would provide the channel between the administration and the executive.

It was felt that the Cabinet Committee should be composed of ministers having taken, or likely to take, an interest in administration generally as well as those with experience on Treasury Board and in the administration of departments. It was also believed that it would be advantageous to benefit from Senator McCutcheon's experience in business administration.¹⁵

Regarding the Committee of senior officials, the suggestion was made that its composition not exceed a maximum of fifteen members and that it be composed of the best administrators in the public service as well as certain other officials because of their particular positions. Finally, it was also suggested that certain officials from various government agencies also be included in the membership of the Committee. The purpose of this inclusion was to secure an assessment of the recommendations from the point of view

(15) Confidential Memorandum, dated October 30th, 1962. The initial list of Cabinet committee members was: Mr. D.M. Fleming, Mr. Churchill, Mr. Nowlan, Mr. Seigny, Mr. Halpenny, Mr. Martineau and Senator McCutcheon.

of the Crown agencies as well as the departments.¹⁶ This Committee of senior officials met for the first time on November 16, 1962 under the chairmanship of Mr. R.B. Bryce.¹⁷

Certain elements of the "public" history of implementation must be noted. The first public statement indicating that the government intended to carry on with the implementation of the Glassco Commission was made by Mr. Diefenbaker on November 29, 1962. At that time, he announced to the House of Commons that:

"Senator McCutcheon, Minister without Portfolio, has been designated by the government as the minister responsible for the appraisal and implementation of the royal commission's reports. He will have the assistance of a special Cabinet Committee as well as treasury board to which he is being appointed for this purpose. He will also be able to call on the advice of public servants as required in the detailed consideration of the means of carrying out what the government decides should be done."¹⁸

Mr. Diefenbaker also announced that the government was in agreement with the basic philosophy of the commissioners and that priority was being given to the report on financial management because "... there appear to be many

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- (16) Confidential Memorandum. op.cit.. The membership included: Mr. Sim, Deputy Minister (DM) of Customs and Excise; Mr. K.W. Taylor, DM of Finance; Mr. Armstrong, DM of National Defence; Mr. Baldwin, DM of Transport; Mr. Wilson, Deputy Postmaster General; Mr. McEntyre, DM of Revenue (Taxation); Mr. Lalonde, DM of Veterans Affairs; Mr. Robertson, DM of Northern Affairs; Mr. Guy Roberge, Chairman, National Film Board; Mr. Rosser, Vice-President (Administration) National Research Council; Miss R. Addison, Acting Chairman of the Civil Service Commission; Mr. E.A. Driedger, DM of Justice; Mr. G. Davidson, DM of Citizenship and Immigration; Mr. E. Steele, Secretary of the Treasury Board; and Mr. R.B. Bryce, Clerk of the Privy Council.
- (17) See Minutes of the First Meeting of the Special Committee of Officials Called To Consider the Recommendations of the Royal Commission on Government Organization. November 16, 1962.
- (18) Canada. House of Commons. Debates. November 29, 1962. p. 2128.

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detailed recommendations capable of early implementation". However,
the Prime Minister made no mention of the existence of the Committee of
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Senior Officials.

The next announcement of import was made on December 20, 1962. Mr.
Diefenbaker stated before the House of Commons that arrangements:

"... have been made to assemble a staff of senior officers of the public service to work directly with Senator McCutcheon, Minister without Portfolio, on measures to implement the recommendations of the royal commission on government organization, with particular reference to the views expressed in those recommendations by Mr. Therien, one of the commissioners.

The group will be headed by Dr. G.F. Davidson, deputy minister of citizenship and immigration, who is to be seconded to the privy council and will work full time on this program. He will be assisted by Dr. Jacques Miquelon, under secretary of State, who will devote such portion of his time as is necessary to this program and will carry on his other duties as well, and Mr. John A. MacDonald, assistant secretary of Treasury board, who is being seconded to the privy council for this purpose. Mr. Henry Hindley and Mr. Yeomans, who were on Mr. Glassco's central staff throughout the course of the enquiry, have been appointed to the privy council office to participate in this work. It is expected that other officers will be assigned to take part as well.

This group of senior officers will work closely with the cabinet committee that is dealing with the matter as well as with individual ministers, departments and agencies in order

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- (19) Canada. House of Commons. Debates. November 29, 1962. p. 2128. In many ways, the Prime Minister was stating the conclusions of the first meeting of senior officers (see Minutes of the First Meeting of the Special Committee of Officials... op.cit. p. 1) and lends support to the opinion advanced in footnote 14.
- (20) It may be that Mr. Diefenbaker was trying to draw emphasis to the political level thereby minimizing the bureaucratic input.

to ensure that the recommendations of the royal commission are thoroughly considered and, when approved, are put into effect."²¹

This statement formalized and institutionalized the implementation process which was already underway and highlighted the bureaucratic contribution and involvement. Moreover, it sanctioned the introduction of widespread change within the public service.

- (21) Canada. House of Commons. Debates. December 20, 1962. p. 2849. It appears that this statement resulted from the views expressed by the members of the special cabinet committee at an informal meeting held sometime between December 7, 1962 and December 14, 1962. At this meeting consideration was given to the creation of a full implementation team to assist the Ministers. (See. Minutes of the First Meeting of the Special Committee of Officials called to Consider the Recommendations of the Royal Commission on Government Organization. December 14, 1962. The Committee's fourth meeting was held on December 7, 1962. Ostensibly, the decision to create what is known as the Bureau of Government Organization (BOGO) was taken between December 14, 1962 and December 20, 1962.

The reasons for the creation of BOGO are difficult to ascertain. It may be as a result of suggestions made by Mr. Bryce and other senior officials that the recommendations could and should be implemented and that a proper implementation agency should be created. It could also be because concrete steps in this direction would be politically profitable (in this case, a purely political decision on the part of Mr. Diefenbaker taken as a result of the recommendation made by the Ministers comprising the Special Cabinet Committee).

The choice of Dr. Davidson to head the agency is probably due to the fact that Mr. Bryce's workload did not permit him to devote full time to the matter, that Dr. Davidson was known to be sympathetic to the Glassco philosophy and recommendations and because he was a respected member of the public service with the requisite diplomatic skills to make the effort successful. Confidential Interview. Finally, Mr. Bryce, at the sixth meeting of the Committee of Senior Officials on December 21, 1962, stressed that the government was serious in its desire to get on with the work of implementation.

See - Minutes of the Sixth Meeting of the Special Committee of Officials called to consider the Recommendation of the Royal Commission on Government Organization. (Confidential), December 21, 1962.

Dr. Davidson took up his new duties as Director of the Bureau of Government Organization (BOGO) on January 1, 1963 and on January 4, 1963 replaced Mr. Bryce as chairman of the Committee of Senior Officials.²²

For a period of seventeen months, the members of these two structures reviewed, discussed, analysed and made recommendations for the implementation of the Glassco Commission proposals. Finally, in May of 1964, the Department of Finance was given control over BOGO and Dr. Davidson became Secretary of the Treasury Board.²³

In concluding this overview, attention must be given to one final element of importance. The reference here is to the change of government which occurred in April of 1963. The coming to power of the Liberal Party on April 8, 1963 did not halt the implementation process nor did it alter the status of BOGO. Indeed, it is under the aegis of the Liberal Government that most, if not all, the Glassco recommendations were implemented.

In fact, the new Prime Minister, Mr. Pearson, appointed Mr. M. Lamontagne, President of the Privy Council, as minister responsible for the Bureau in April of 1963 and announced, in June of that year, that a special Cabinet Committee was being established "... to prepare the necessary reforms in government organization".²⁴

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- (22) For a description of the legal and administrative gymnastics surrounding the creation of this "change agency" see G.V. Tunnock, "The Bureau of Government Organization". Canadian Public Administration. Vol. 8, 1965. pp.559-560.
- (23) Dr. Davidson remained as Director of BOGO however. The other members of the Bureau, Mr. J. MacDonald, Mr. H. Hindley and Mr. D. Yeomans became respectively, Assistant Deputy Minister of Northern Affairs and National Resources, Special Advisor to the Secretary of State Department and Special Assistant to the Secretary of the Treasury Board all between January and July of 1964. It is probable that BOGO ceased to exist shortly after these changes. However, I have been unable to determine the exact time of its demise, if indeed the Order-in-Council has ever been rescinded.
- (24) See. Canada. House of Commons. Debates. May 20, 1963. p. 41 and June 12, 1963. p. 925.

Apart from these "official" actions of the Liberal government, a more "informal" force was working in favor of implementation. This was the presence of Mr. W. Gordon as Minister of Finance and Chairman of the Treasury Board. Mr. Gordon was himself a management consultant and had a tremendous regard for Mr. Glassco. He understood both the philosophy and jargon of the reports.
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This overview has served to identify the forces and structures which militated for the implementation of the Glassco recommendations and has demonstrated how these forces interacted together. It appears that the seeds of implementation and the approach were sown by members of the Commission's executive staff and that the momentum was maintained by key senior officials in the bureaucracy. The process was, however, sanctioned and legitimized at the political level for what appears to be more politically symbolic and intuitive reasons. Nonetheless, this legitimization facilitated a process already underway, but left the maintenance of the momentum gained to those which had instituted the follow up -- the bureaucracy.

Finally, the approach adopted, namely that the discussions of the feasibility of implementation be held at the upper levels of the bureaucracy, minimized the depressive effects of the bureaucratic veto system. The depressive effects of this variable were minimized because the proposals for change were discussed and accepted by those at the top of the hierarchy capable of enforcing their implementation. Hence, the proposals were not subjected to the intense support gathering process inherent to success if presented at the lower levels of the system. Moreover, they did not have to cope with, or overcome, the obstacles imposed by a number of successive hierarchical superiors.

(25) Confidential Interviews. Moreover, because of the kinship and business ties between Mr. Glassco and Mr. Gordon, it is reasonable to assume that they spoke at length of the matter.

The Bureau of Government Organization and The Committee of Senior Officers:
The Agency and The Means of Change

A true understanding of the process leading to the implementation of the Glassco Commission recommendations in the areas of financial and personnel management must rest upon the analysis of the relationship and interaction of the members of two structures: The Bureau of Government Organization and the Committee of Senior Officers. The former was, in effect, the agency of change because through it, and because of its particular relationship with the executive arm of government, change was sanctioned. The latter was, in a real sense, the means of change because only as a result of its deliberations and acquiescence to proposals could the Bureau propose changes formulated by the Glassco Commission with the knowledge that their implementation would meet with some
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measure of success.

This section of the chapter will therefore concentrate upon the definition of the role, purpose and relationship of the Bureau with the Committee of Senior Officers and emphasize the nature of the Committee's discussions of the Glassco's recommendations in the financial and personnel management areas.

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- (26) This statement should not be interpreted as a total rejection of the role played by the Special Cabinet Committee. It is undeniable that without political sanction and without the support of key political figures at crucial periods during implementation, the whole implementation process would not have progressed to the point that it did in such a short period of time. Without discounting these facts, it still appears that the two "bureaucratic" structures are of much greater import. Indeed, the situation appears as one in which political ratification, though necessary because of the nature and extent of the changes involved, was more in the nature of a rubber stamp. It is as if the political level said to itself that this was primarily an administrative or bureaucratic matter requiring political ratification and if the bureaucrats want such and such we (the politicians) will ratify to ensure more rapid progress.

On February 12, 1963, Order-in-Council P.C. 1963-235 formally established the Bureau of Government Organization and expressed its role as being "... to facilitate the implementation of the recommendations of the Royal Commission on Government Organization".²⁷ This statement points up the essential nature of the Bureau's task, namely that of facilitating, but it is not indicative of the reality of the Bureau's task and purpose. Dr. Davidson described the purpose and nature of the Bureau in the following manner:

"It is a small unit set up in January 1963 in the Privy Council Office for the purpose of analysing, digesting, and formulating, with the help of others, recommendations for the consideration of the Ministers with respect to these main issues raised by the Glassco report. Its basic purpose is to assist the Ministers to make decisions as to whether or not, and if so to what extent, they should implement the recommendations contained in the Glassco volumes. My Bureau, therefore is, in a special sense, ... a facilitator. It is, if you like, an honest broker between the agencies of government which are the targets of the recommendations and the Ministers who are the judges who determine what is to be done.

It is certainly not the task of my Bureau to implement the recommendations of the Glassco Commission. Indeed, it would be presumptuous to suggest that the Bureau be given such a responsibility. It is, rather, our task to ensure that the recommendations formulated by the Commission, designed for the most part by experienced business men who have not had experience in government, are looked at by those inside the service who have some knowledge as to what is, and what is not, possible in the government service, so that in the final analysis, the Minister will get the best possible blend of the two kinds of experience to enable them to formulate their ministerial decisions."²⁸

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- (27) See. G.V. Tunnoch, "The Bureau of Government Organization" Canadian Public Administration. Vol. 8, 1965, p. 561.
- (28) Public Personnel Association (Ottawa Chapter). Personnel Management Conference, Record of Proceedings. (mimeographed). March, 1964. p. 4. as quoted in G.V. Tunnoch. Loc. cit..

The Bureau of Government Organization was therefore not an implementation agency in the sense that it was responsible for the actual, physical aspects of implementing those recommendations accepted by Cabinet. Its role in the implementation process was that of the link between the bureaucracy and their political masters. This middleman role made it the purveyor of advice and the prodder assuring that all matters were duly considered and agreement reached before courses of action were recommended. This role was one which demanded all the skills of the artful diplomate and the consummate reconciler.

It should be noted that the Bureau was in such a position that it could either hinder and destroy any steps toward change or promote and foster it. However, if we consider the fact that the political level had opted for implementation and that the Bureau was composed of former members of the central staff of the Glassco Commission and headed by a person who believed in the necessity of implementing the Glassco proposals, implementation had to become a reality. In a real sense then, it can be said that the Bureau had a vested interest in ensuring the success of the implementation process.

However, the assurance of success depended upon the Bureau's capacity to effectively relate and interact with the means of change placed at its disposal - namely the Committee of Senior Officials.²⁹

In its study of the financial and personnel management recommendations, the Committee of Senior Officials met twenty-one times between December 21, 1962 and April 26, 1963. Mr. R.B. Bryce chaired the Committee's first six meetings and was then replaced by Dr. Davidson who had become the Director of B.O.G.O.

(29) The Committee was officially designated as The Special Committee of Officials called to consider the Recommendation of the Royal Commission on Government Organization. For a description of its origins, composition and role see. supra. p. 94, 95 and 101.

Prior to considering the nature of the Committee's discussions of the financial and personnel management recommendations, attention must be drawn to the fact that the deputy-ministers composing the Committee tended to reject the recommendations out of hand because of the difficulties of implementation. ³⁰

However, both Mr. Bryce and Dr. Davidson overcame this resistance by adapting a strategy which dictated that resistance was not to be met head on because such a collision course would presumably have resulted in antagonism and brought about only the outward conformity and acceptance of the recommendations without their internalization -- the prerequisite of success. Their approach was, therefore, to work around resistance until they believed that the members of the Committee were ready to accept not only the recommendations, but also the spirit ³¹ behind them.

(30) Confidential Interviews.

(31) Confidential Interviews. Mr. Bryce and Dr. Davidson used various tactics in compliance with this overall strategy. They would undertake the discussion of various proposals and when a decision seemed eminent they would adjourn the meeting or the discussion. This tactic would be continued until such a time when they felt that the deputy heads were ready to accept the recommendation and its spirit.

Another tactic employed by Dr. Davidson was that of going to speak with individual deputy-heads prior to meetings in an attempt to "soften them up".

It should be noted also, that any attempts by the members of the Committee to be complacent with the existing situation were quickly rebuked. An example concerns the Commission's recommendations that departments be responsible for the design and maintenance of accounting records they required and that they adopt accrual accounting and modern management techniques. Those departments satisfied with the present system and expressing reluctance to accept accounting responsibilities were reminded that

"...this attitude overlooked the central theme of the Commission's recommendations; accounts are needed for management purposes, and satisfaction with present arrangements proves nothing if management itself is under fire. The Commission had raised serious criticisms which could not be lightly disregarded particularly in view of the personal qualifications and experience of the Commissioners.

The meeting adjourned before concluding its discussion of these recommendations."

(Minutes of the second meeting of the Special Committee of Officials called to consider the Recommendations of the Royal Commission on Government Organization.) (Nov. 23, 1962. p. 7).

Finally, it should be pointed out that although Dr. Davidson replaced Mr. Bryce as the Committee's chairman, Mr. Bryce remained as a member of the Committee and was present at all but two of the twenty-one meetings. It has been intimated that he remained as the grey eminence behind the workings of BOGO and indeed behind the whole implementation process. This seems probable. However, it is a certainty that Mr. Bryce and Dr. Davidson were in contact and discussed approaches to be used.

The task of obtaining acceptance of the Glassco proposals at the "bureaucratic" level therefore required a fairly extensive amount of cajoling, compromising and modifying. Such, however, was the essential nature of the responsibilities given to the Bureau of Government Organization.

Financial Management

The discussion of the financial management recommendations occupied the
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committee during its first four meetings under the chairmanship of Mr. R.B. Bryce.

From the outset, the Committee agreed that the principles of the Financial Management report were more generally acceptable than those of the Personnel Management report. Reaction to the Financial Management report ranged from total acceptance to agreement in principle.

The principle of greater financial authority for departments coupled with accountability for results was agreed to and never questioned. Indeed, it was agreed that the system of financial control introduced in the early 1930's was in need of a reappraisal. However, it was believed that much could be done within the existing framework to alleviate or remove the yoke of detailed controls and regulations hindering the authority of the deputy-ministers. The suggestion was made that this could be accomplished by restricting the province of these controls and regulations to matters of principle.

(32) These meetings were held on November 16, 23, 30 and December 7, 1962. The fifth meeting (December 14, 1962) concerned itself with the detailed draft report to the Ministers and the sixth meeting (December 21, 1962) reviewed, with minor amendments, and approved the draft. At the seventh meeting (January 4, 1963), the Chairman reported that the report had been given to Senator McCutcheon and was being sent to the members of the Special Cabinet Committee. (See Minutes of the meetings of the Special Committee of Officials called to consider the Recommendations of the Royal Commission on Government Organization for these dates.)

These remarks demonstrate that the discussions of the Committee were to revolve around the means of attaining the state of affairs proposed in the Financial Management report and not the principles which led to the proposals. They also indicate a tendency to retain what is familiar and known to work rather than "rock the boat" and start from nothing by introducing totally new approaches and systems.

In the main, the majority of the specific recommendations were agreed to with some minor modifications. The main stumbling block, however, concerned those matters affecting the pre-audit responsibilities of the Comptroller of the Treasury. The discussion which follows intends to provide an indication of the nature of the arguments presented against the total acceptance of specific Commission proposals in certain area.

The more general discussions of the Committee in the financial management area identified two major areas of concern. The first related to the question of favoritism in financial matters, such as purchases and the granting of contracts, and the ancillary matter of the amount of protection required. A minority was of the opinion that the existing detailed controls were necessary to guard against favoritism. Most members of the Committee, however, held that responsible administration could be maintained within the framework of financial independence propounded by the Commission.

The second area of concern, raised by representatives of the Department of Finance, related to the apparent dual ministerial responsibility for financial policy and budgeting as well as to the suggested abandonment of

the pre-audit responsibilities of the Comptroller of the Treasury. A proposal was submitted to the effect that the external work done by the Audit Services Division be retained as a common service.

In this connection, it has previously been noted that the specific recommendations affecting the functions and responsibilities of the Comptroller of the Treasury were the subject of extensive discussion.

With regard to these particular recommendations, it was submitted that departmental efficiency was not incompatible with the performance of service functions by the Comptroller. Moreover, it was argued that since the pre-audit was a statutory responsibility given the Comptroller, the departments therefore had to shoulder the blame for whatever duplicatory procedures which had arisen over the years. It was further suggested that the existing Audit Services organization provided a highly qualified technical service and that the elimination of the existing pre-audit procedures would result in the creation of additional checks by departments and an increase, rather than a decrease, in the work force and in duplication.

(33) See. Minutes of the first meeting of the Special Committee of Officials called to consider the Recommendations of the Royal Commission on Government Organization. November 16, 1962. pp. 1-2.

(34) It should be noted that it was the procedure of the Committee to invite individuals particularly affected by various recommendations to attend Committee meetings when these recommendations were being discussed.

These specific recommendations affecting the functions and responsibilities of the Comptroller were

1. That responsibility be placed on departments for certifying to the Comptroller of the Treasury that expenditures will be lawful charges and that funds are available.
2. That the responsibility of the Comptroller of the Treasury be limited to ensuring that the departmental officers providing this certificate are properly authorized.
3. That departments be responsible for designing and maintaining the accounting records necessary to meet their requirements.
4. That departments and agencies adopt modern management reporting techniques.

(35) Minutes of the second meeting of the Special Committee of Officials called to consider the Recommendations of the Royal Commission on Government Organization November 23, 1962. p. 2.

The recommendations of the Commission also affected three distinct functions of the Comptroller. There were: (1) the pre-check for authority under law and the relevant regulations; (2) the pre-check on the balance in the appropriation account; and, (3) the responsibility for certifying commitment. It was submitted that the acceptance of this proposal would constitute, in effect, a return to the pre-1931 situation when appropriations had been frequently overspent by departments. In this connection, a proposal was made to the effect that a grant of necessary discretionary power would eliminate most of the duplication by the creation of a system of sample checking for authority.

Several members of the Committee did not agree that a statutory provision for sample checking need be given the Comptroller providing the departments operated a sound system of internal audit. If, however, such a statutory responsibility was granted, it was felt it should be a post-audit rather than a
36
pre-audit as advocated.

Though the idea of spot-checks by the Comptroller was not ruled out, it was felt that a greater sense of responsibility at all levels should be infused. Moreover, though there would be mistakes, the Chairman felt that many savings could be affected through the elimination of double checking. It was mentioned that the Auditor-General would have a wider opportunity for comment and that, by withdrawing the protection of the existing system, Ministers would be exposed to criticism in the House of Commons should mistakes be detected after payment. Moreover, the Auditor-General would call for a large increase in
37
staff.

Finally, concerning the proposal that departments develop and maintain their own accounting records and management reporting systems, it was suggested that the advantages of a highly qualified central accounting staff were being overlooked.

(36) See. Minutes of the third meeting... . Nov. 30, 1962. p. 5-6.

(37) Ibid. p. 6.

Again, the onus was placed upon the departments who had not been able or willing to specify their information requirements. Other points, such as the need for co-ordinating departmental accounts for the purpose of preparing the Public Accounts and the needs of consolidation for central control purposes, were also raised.

The consensus on this matter, according to the Chairman,

"...seemed to be that departments should have the right to decide whether to do their own bookkeeping or use the Treasury Services. If departmental accounts are kept, the Comptroller would maintain only the minimal additional records needed for the Public Accounts. If the services of the Comptroller are to be used for departmental accounts, the department would have an obligation to specify requirements. Departments should have the right to use the treasury services for which they would pay, and the Comptroller would be available as a source of expert advice on departmental accounting systems."³⁸

Extensive discussion was also carried out regarding the role of Treasury Board; the negotiation of contracts; the form of the estimates; and the creation of long term plans.

39

(38) Minutes of the third meeting... . op.cit... p. 3

(39) The particular recommendations in these areas were respectively:

1. That the Treasury Board continue to lay down policies on financial and administrative matters common to all departments and agencies, but in a less restrictive manner.
2. That departments and agencies be granted more discretion in the negotiating of contracts.
3. That the number of votes be reduced and all cost elements of individual programmes be consolidated within the same vote.
4. That departmental estimates be prepared on the basis of programmes of activity and not by standard objects of expenditure.
5. That, where appropriate, revenues be offset against related expenditures, and that votes be shown in the Estimates and controlled on a net basis.
6. That all departments and agencies be required to prepare and submit to the Executive long-term plans of expenditure requirements by programmes.
7. That, based thereon, an overall forecast of government expenditures and prospective resources for a period of five years ahead be prepared annually.

Concerning the Treasury Board's responsibilities for the development of financial and administrative policies, it was intimated that the problem lay in the extent to which the Treasury Board concerned itself with the details of approved programs. This problem, it was submitted, would be partially solved through the adoption of program budgeting. The view was presented that the existing regulations did not sufficiently take into account the varying requirements of the various departments and were vulnerable to changing circumstances. The result was a tendency to settle on the lowest common denominator.

This recommendation was considered to be an acceptable generalization, but it required a detailed review of the specific difficulties encountered by departments before it could be implemented. This task was to be undertaken by the Treasury Board.⁴⁰

On the question of contracts, a note was made to the effect that the Treasury Board ministers may be reluctant to abandon this responsibility because they regarded contract submissions as important control information. This situation could, however, be ameliorated by improving and standardizing the form of contracts. This question was to be considered by the Contracts Regulation Committee and consideration of the matter was deferred until the Committee's⁴¹ members could study the second volume of the Commission's reports.

Regarding the manner and form of the Estimates, the Committee considered that the proposed new format would result in greater flexibility, more accuracy and diminish the number of supplementaries. However, it would also mean that Parliament would be making fewer decisions on the direction and amount of expenditure. Some doubt was also expressed regarding the wisdom of

(40) See. Minutes of the second meeting... . op.cit. . p. 4-5.

(41) Ibid. p. 5.

totally abandoning the standard object of expenditure in favour of the program estimates. It was suggested, however, that his change-over would, of necessity, be gradual and that proposals in this area would have to be considered by the Public Accounts Committee.⁴²

Finally, in considering the Commission's proposal that departments submit long term expenditure plans on a programme basis and that annual five year overall expenditure and resource forecasts be prepared, the Committee expressed fear concerning the accuracy of long-range planning because of policy changes and the ebb and flow of budgetary problems. However, the value of the proposal was recognized and it was generally agreed that departments should adopt such a procedure. Nonetheless, it was considered necessary to draw the Ministers' attention to the dangers of publishing these long-term forecasts⁴³ developed for internal purposes.

Such was the nature of the discussions in the financial management area. The evidence tends to indicate that the Committee of Senior Officials attempted to operationalize the Commission's recommendations by working within established frameworks and thereby causing a minimum of disruption. There was little or no attempt to bury the Commission's proposals, but it proved necessary to mitigate and cajole members in order to secure acceptance.

The only truly contentious matter discussed by the Committee was the proposals concerning the duties and role of the Comptroller of the Treasury. An impasse developed on this matter and no "formal" recommendations were made by the Committee. Notwithstanding the technically valid aspects of the alternatives

(42) Minutes of the fourth meeting of the Special Committee of Officials called to consider the Recommendations of the Royal Commission on Government Organization. December 7, 1962. pp. 2-3.

(43) Minutes of the fourth meeting... . op.cit.. p. 4.

presented by the Comptroller of the Treasury, it appears that the main obstacles in this regard were traditionalism (it was argued that implementation of the Glassco proposals on this matter would be a reversal to the pre-1931 situation) and the fear of losing acquired authority. These obstacles indicate that the following variables militated against implementation: (1) structure maintenance; (2) the bureaucratic orientation; (3) goal displacement; and (4) the career perceptions of the bureaucrats involved. All these variables are interrelated. The career perceptions of the bureaucrats owing their positions in the hierarchy to their adherence and support of the financial control system which had developed since 1931, fostered the desire to maintain the structures of the system and reinforced the conservatism inherent in the bureaucratic orientation. Taken in their totality, these interrelationships also tend to indicate that the goal displacement variable was actively involved in the process of resistance. Indeed, it appears that the concepts of autonomy and growth inherent to the decentralization philosophy of Glassco were rejected because the structures and procedures of financial control had replaced the aim of the system -- ensuring respect and adherence to the theory of accountability -- and thereby obviated any proposals going beyond the superficial modification of the system. These factors bolstered to veto system's capacity to quell the move to implement the Commission's proposals on this matter.

Personnel Management

In order to consider the totality of the Glassco Commission recommendations contained in the Personnel Management report, the Committee of Senior Officials met on thirteen different occasions. ⁴⁴ Though the Committee took issue with particular points raised by the Glassco Commission recommendations,

(44) These meetings were held on the following dates during 1963: Jan. 18, 25; Feb. 1, 8, 15; March 1, 8, 15, 22, 29; and April 1, 19, 26.

in the main it agreed with its criticism of the existing system of personnel management and expressed the desire to see a significant restructuring of the control agencies and a broader grant of authority to departments for the management of their own personnel.⁴⁵

The main problem area in the discussion of the personnel management recommendations was that concerning the Civil Service Commission's (CSC) responsibilities in the area of initial appointments, recruitment, and selection, as well as promotions and transfers.⁴⁶

The CSC was not adverse to the principle of delegation of a large measure of the operative authority in personnel management to departments. However, it felt that it should reserve for itself

"...full legal authority and ultimate responsibility in all procedures affecting the careers of civil servants."⁴⁷

In general, however, the Committee felt that a legitimate distinction could be made between matters related to recruitment, selection and initial appointment, on the one hand, and those related to promotions and transfers on the other.

The Committee was in agreement with the CSC's stand on the former matters, but felt that the question of promotions and transfers was clearly a matter of managerial authority, particularly in their relation with the problems of executive development. The Committee's feeling was that the Executive should have a direct influence upon senior appointments and, consequently, it was not feasible for the Treasury Board to operate in this area by virtue of an authority grant from CSC.⁴⁸

(45) See. Review by Senior Officials Committee of the Glassco Commission Report No. 3. "Personnel Management". April 30, 1963. p. 1.

(46) The specific recommendations considered were:

1. The Civil Service Commission should certify all initial appointments to the public service to ensure that selection has been made in accordance with the appropriate standards.
2. The Civil Service Commission should continue to provide a common recruiting by the department or agency.
3. Departments and agencies be empowered to recruit their own personnel above a proposed (say \$5,200) salary level.
4. Promotions and transfers be made by departments within the general guidelines established by the Treasury Board.
5. Departments and agencies be given the requisite authority to manage their own personnel and be held accountable for efficient performance.

(47) Minutes of the tenth meeting January 25, 1963. p. 1.

(48) Ibid. pp. 1-2.

This divorce of functional responsibilities was to remain as the area of disputation and no agreement was reached on it between the CSC and the Committee.⁴⁹ Notwithstanding this area of disputation, the Committee recommended that the departments be given a more active role in recruitment and selection as well as greater freedom to act on their own initiative, especially in relation to senior appointments and appointments requiring professional or some other special qualifications. The CSC would, however, retain both the legal authority and ultimate responsibility for initial appointments. Moreover, although the CSC could broadly delegate its responsibility for recruitment, the Committee recommended that it work closely and actively with the departments in selection boards and that it determine the rules governing their constitution.⁵⁰

In matters of promotion and transfer, the Committee recommended that the role of the CSC be restricted to that of a certification agency. In effect, because the Committee viewed promotions and transfers as essentially management functions which should fall within the province of the deputy minister who would act in accordance with Treasury Board policies, it recommended the role of the CSC be restricted to certifying that promotions and transfers conformed to the procedural rules established as a safeguard against bureaucratic nepotism. In the case of senior appointments, the role of the CSC was

(49) Indeed, Miss Addison and Mr. Pelletier stated that they reserved the right to record their opinion that the legal authority for promotions and transfers should remain with the Civil Service Commission. (See, Minutes of the twelfth meeting of the Special Committee of Officials called to consider the Recommendations of the Royal Commission on Government Organization. February 8, 1963. p. 1.

A minority report was subsequently submitted to Cabinet on the question of promotions and transfers by the CSC.

(50) Review by Senior Officials Committee of the Glassco Commission Report No. 3. "Personnel Management". April 30, 1963. pp. 6-7.

again one of certification. However, in this instance, it was to certify in advance that selected officers were eligible for promotion and transfer to senior positions identified by Treasury Board or the Governor⁵¹ in Council.

The Committee of Senior Officials also discussed the Glassco Commission recommendations concerning the status of exempt agencies and prevailing rate groups, the Personnel Division of Treasury Board, departmental personnel officers, veteran's preference and bilingualism.

The feeling of the Committee on the matter of exempt agencies was that continued exemption would be hard to justify if the other recommendations of the Glassco Commission were implemented in full. It was felt, however, that the currently exempt agencies should not be brought under the Civil Service Act. The approach proposed was that the status of each agency be studied by the Treasury Board and the Civil Service Commission, in consultation with the agencies concerned, and that recommendations be made regarding the necessity or desirability of maintaining the arrangement.⁵²

Concerning the status of prevailing - rate employees, the Committee recommended that departments retain the responsibility for their recruitment and employment with total exemption from the provisions of the Civil Service Act. The Treasury Board would, however, dictate the broad policy lines governing the recruitment and employment of these groups. The employment of

(51) Review by Senior Officers Committee of the Glassco Commission Report No. 3 "Personnel Management" April 30, 1963. pp. 10-12.

(52) See. Minutes of the twelfth meeting of the Special Committee of Officials... February 8, 1963 and Review by Senior Officials Committee of the Glassco Commission Report No. 3 "Personnel Management". April 30, 1963. p. 3.

The specific recommendation in this instance was:

"To facilitate creation of a unified public service, currently exempt agencies and staff be brought under a Civil Service Act revised to confer on departments and agencies responsibility for personnel management".

prevailing-rate groups requiring an identifiable degree of skill or qualification would, however, be conditioned by proof of qualification.

Finally, in borderline areas where prevailing rate groups could logically be classified and where positions in the classified service could logically be dealt with as prevailing-rate categories, the Committee submitted that the Civil Service Commission, in conjunction with Treasury Board⁵³ and the departments, undertake a review and decide where they should lie.

The Committee further endorsed the creation of a central personnel division in the Treasury Board. This division was to have responsibility for such matters as pay determination and the classification structure. Moreover, as a result of the proposal that departmental manpower budgets be related to departmental programs and be subject to approval in terms of total numbers and salary cost, the Treasury Board would also be responsible for⁵⁴ the shape and balance of the organizational structure.

Concomitantly, the Committee also ratified the proposal that departments have a Chief Personnel Officer. They felt that this officer must have the confidence of both the Treasury Board and the Civil Service Commission and that he be fully responsible to, and under the direct authority of, the⁵⁵ department's deputy minister.

- (53) See. Minutes of the twelfth meeting of the Special Committee of Officials.... February 8, 1963. and Review by Senior Officials Committee of the Glassco Commission Report No. 3 "Personnel Management". op.cit.. p. 4.
- (54) See. Minutes of the fifteenth meeting of the Special Committee of Officials.... March 8, 1963. pp. 1-2. See also. Review by Senior Officials Committee of the Glassco Commission Report No. 3 "Personnel Management". op.cit.. p. 5. The particular recommendation was that:
"A central Personnel Division be created under the Treasury Board, staffed by rotation, to assist the Board in framing policy and standards relating to personnel administration, and in the appraisal of the application by departments of such policies and standards."
- (55) See. Minutes of the thirteenth meeting of the Special Committee of Officials.... Feb. 15, 1963, pp. 1-3. See also. Review by Senior Officials Committee of the Glassco Commission Report No. 3 "Personnel Management". op.cit.. pp. 5-6. The specific recommendation stated that:
"Within departments and agencies, the personnel function be strengthened by the appointment of Chief Personnel Officers, with appropriate staffs of personnel specialists; and the appointment of Chief Personnel Officers be subject to the concurrence of the Treasury Board."

The question of the veteran's preference also came within the purview of the Committee of Senior Officials. Though unable to totally endorse the Commission's recommendation because of the contractual obligation existing between the federal government and veterans qualified at that time for the purposes of the Civil Service Act, the Committee nonetheless felt that no permanent absolute preference be given to persons who may qualify as veterans in future conflicts, other than the disabled. It was felt that other ways, more compatible with the merit principle, had to be found for fulfilling public obligations to future veterans.

56

Finally, the Committee also considered the question of bilingualism in the public service. It felt that the matter was of critical importance and required the development of a vigorous and continuing official program. It recommended however that certain immediate steps be taken. These were: 1) a statement that English and French have equal status throughout the public service and that departments and agencies carry out correspondence and other written communication in either language; 2) that departments be directed to undertake programs to increase the proportion of senior and intermediate officers proficient in reading both languages; 3) that language training facilities be immediately established for senior and intermediate officers under the co-ordination of the CSC; 4) that each department and agency appoint an officer responsible for the direction of language studies in French and English at the lower levels; 5) that a Federal Institute of

(56) See. Review by Senior Officials Committee.... op.cit.. pp. 9-10.

The Commission's recommendation in this instance was that:

"The veterans' preference should apply to initial appointment to the public service and should consist of a bonus of points to be added to the marks achieved by veterans in competitive examinations."

Bilingualism and Biculturalism be established to provide residential courses for selected senior and intermediate personnel; and 6) the introduction of pay - incentives in recognition of the additional qualification of bilingual secretaries.

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This review of the Senior Officials Committee's deliberations and recommendations regarding the acceptability and suitability of the Glassco Commission proposals in the financial and personnel management areas has demonstrated the general acceptability of the Glassco philosophy, criticism and recommendations. Indeed, rarely did the main tenets of the Glassco Commission come under fire.

The two main areas of disputation however, concerned the role of the Comptroller of the Treasury and his pre-audit responsibilities in the financial area and, in personnel management, the question of where the responsibility for promotions and transfers should lie was heavily disputed.

In these two areas, the nature of the resistance encountered stemmed primarily from traditionalism. Indeed, there appears to have been an inability to reject the older values governing the conduct of these activities. This adherence to traditional values, however, appears to result from a desire on the part of the main institutions or structures implicated, namely the Department of Finance, the Comptroller of the Treasury and the Civil Service Commission, to maintain their authority bases in these areas.

(57) See. Review by the Senior Officials Committee of the Glassco Commission Report No. 3 "Personnel Management". op.cit.. pp.7-9.

The recommendations made by Commissioner Therrien were:

- 1) The federal government adopt active measures to develop bilingual capacities among its employees on a selective basis.
- 2) The government intensify its efforts to attract and retain more of the highly qualified young people of French Canada capable of advancement to senior ranks.

In the case of the Civil Service Commission, it appears that this institution was wary of relinquishing any of its already waning powers. Indeed, both the CSC and the Comptroller of the Treasury were fighting for survival.

In terminating this discussion of the initial stages of the process of implementation, it is imperative to reiterate certain points which have been made. The process originated well before the publication of the Glassco Commission's reports. Indeed, it has been demonstrated that, from the outset, there existed a strong desire, both on the part of members of the Commission's executive staff and officials within the upper reaches of the bureaucracy, not to let the Commission's proposals fall by the wayside.

The operationalization of this desire required that political sanction be obtained. It was received as a result of an external variable (i.e. Mr. Diefenbaker's wish that his government be publicly viewed as action oriented) and because of the confidence in which Mr. R.B. Bryce was held. However, as the implementation process became institutionalized and became, in effect, an on-going bureaucratic activity, political ratification was more of a rubber stamp than a necessity.

The obstacles to the operationalization process were, with time, overcome. Cumulatively, these obstacles reflect the bureaucratic veto system at work. However, upon closer examination, it appears that a variety of factors resulted in the creation of impediments to implementation. These can be identified as the bureaucratic orientation, unflinching belief in traditional values, the career perceptions of certain bureaucrats and the fight for survival on the part of certain institutions rather unprepared for the proposals presented by the Glassco Commission.

Finally, this discussion has highlighted certain reasons for the success of the implementation process. They may be summarily stated as:

- 1) the political support received for implementation; 2) a general feeling, on the part of senior departmental and agency officials involved in the discussions, that change was needed and that the Glassco proposals were viable alternatives; and 3) the personalities of the people involved in the process who had internalized the spirit of Glassco and were willing to work intensely for the implementation of his proposals.

CHAPTER V

THE LEGACY OF GLASSCO: FROM RECOMMENDATION TO REALITY

A number of concrete steps were necessary to further the implementation of the Glassco Commission recommendations. In this chapter, an attempt will be made to present a cursory overview of the activities undertaken by the federal government to reorder the bureaucratic universe in a manner permitting the Glassco proposals to become operational reality. As a result, it will be possible to present other reasons for the success of the implementation process and explain the time lags existing between the discussions of the applicability of these recommendations and their actual implementation.

This chapter is composed of two parts. The first part will discuss the implementation activities of the bureaucracy in the financial management area and the second part will centre on the implementation activities in personnel management.

The Committee of Senior Officials concluded its discussion of the Glassco Commission recommendations contained in the first volume of the report on April 26, 1963. After this, the Committee's meetings became less frequent and a new approach was adopted for the discussion of the recommendations contained in the Glassco Commission's other volumes.

This new approach was one whereby a series of reporting committees were created. These committees were composed of bureaucrats who were given the responsibility for discussing recommendations made in specialized areas affecting particular departments. When possible, the chairmanship of these reporting committees was given to the deputy minister having responsibilities in the areas discussed and the committee's secretary was taken from the chairman's department in order that its viewpoint be adequately presented.¹

Moreover, by this time, resistance to the Glassco recommendations had diminished considerably. In effect, a procedure developed whereby the various deputy ministers were contacted by telephone when a particular recommendation was submitted for Cabinet approval and asked if they had any objections. If a deputy minister had objections, he would discuss them with his Minister who would raise the matter in Cabinet.²

(1) Confidential Interviews.

(2) Confidential Interviews. When BOGO moved to Treasury Board in May of 1964 (Treasury Board had not yet been divorced from the Department of Finance), this procedure was modified to the extent that the telephone was supplanted by a memorandum and the Cabinet replaced by an ad hoc meeting of the Committee of Senior Officials.

Moreover, it appears that, at this point, Cabinet acceptance was nothing more than a rubber stamp legitimizing any activities which had to be undertaken to operationalize the recommendations. It is as if Prime Minister Pearson and the Cabinet felt these matters were rightfully those of the bureaucrats who had the expertise. The rôle of the politicians was only to ratify and sanction their decision in order that they may get on with the job.

In May of 1964, the Department of Finance was given control over BOGO and Dr. Davidson became Secretary of the Treasury Board. It has been intimated that this reajustment came as a result of Mr. Bryce's promptings. It appears that he felt that Dr. Davidson had set the wheels in motion and that he now required more "muscle" to oversee and guide the actual implementation process.³ This conjecture is, to a great degree, supported by the fact that during Dr. Davidson's term as Secretary of the Treasury Board, the major changes in financial and personnel administration were implemented or the groundwork⁴ layed for their implementation.

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- (3) For a discussion of this move see p. 98 footnote 23. It is also interesting to note that, at about this time, Mr. Bryce moved from his position as clerk of the Privy Council and became Deputy Minister of Finance. As a result of this move, the deadlock which existed on certain financial management matters was broken.

It is interesting to speculate that there was perhaps a purpose in this move and that this purpose was to break this deadlock. It would not have been the first time that Mr. Bryce had played a trouble shooting role with the aim of introducing change. His activities in the Glassco scenario demonstrate this. However, prior to this, he was called upon to affect change within the Treasury Board and in the Civil Service Commission.

For a description of his role in these latter instances see. J.E. Hodgetts, et.al. The History of the Civil Service Commission of Canada 1908-1967. (Unpublished Manuscript) 1972. Chapter 10, pp. 13-14 and Chapter 11, pp. 2-3.

- (4) Dr. Davidson was Secretary of the Treasury Board from 1964 to 1968.

Implementation Activities in the Financial Management Area

The publication of the Glassco Commission's report on Financial Management and the recommendations made to Cabinet by the Committee of Senior Officials led to the establishment of revised financial management practices within the federal bureaucracy. The following constitutes an attempt to identify the main milestones in the movement.

The move towards implementation at the more operational level began in February 1963, when a special study group of three senior Treasury Board Officers was created to study the Commission's financial management recommendations, determine their practicability and make proposals for the implementation of those accepted by the Government. The study group reacted favorably to the recommendations but the Treasury Board was reticent to universally introduce a new approach to financial management. It decided, rather, to undertake a detailed study in three departments: Agriculture, Transport and Veterans Affairs. The Department of Northern Affairs and
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National Resources was subsequently added to the list.

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- (5) Herbert Gabora, The "Implementation of PPB: Description and Appraisal". (Unpublished Manuscript). August 31, 1970. pp. 10-11 and 14. The reasons for selecting the first three departments were essentially their size, geographical diversity, the variagated and complex nature of their activities as well as the fact that together they encompassed a majority of typical government operations. The reason for adopting a pilot study approach results from a feeling that if these study groups could identify and solve the general problems of implementation in these departments, it would be easier to introduce the new financial approach on a universal basis.

It was further proposed that consultants be engaged to undertake these studies. This option resulted from the belief that, since consultants had devised the original recommendations of the Commission, they should also be used to test their applicability. The choice of consultants also stemmed from the belief that it was imperative to maintain the momentum already engendered.⁶

On June 20, 1963, the Policy Committee of the Treasury Board recommended the hiring of four consulting firms and outlined the specific objectives of the proposed study.

- "1) To test the application of the general concepts of management in the Glassco report, Volume 1, Number 1.
- 2) To refine and improve on the existing departmental procedures for budgetary development and monitoring performance with a given budget."
- " It was generally understood that in the government it is never possible to start a completely new system. The intention was to expand and refine the existing system. This was to be achieved by:
 - 1) Examining and improving the forecasting and planning systems;
 - 2) Assisting in the development of more and better standards of measurement;
 - 3) Providing the reporting systems by which departments in the government can check on performance of managers in achieving goals, and economy in their use of resources."⁷

The studies were coordinated by a policy committee which included the Comptroller of the Treasury and the Director of BOGO and a management committee. Moreover, the Treasury Board study group was also implicated in order that they be able to study the effect of the consultant's proposals on the Treasury Board's⁸ role as a control agency.

- (6) Herbert Gabora, "The Implementation of PPB: Description and Appraisal" op.cit. p. 12. The Cabinet approved the proposal to engage consultants on June 26, 1963.
- (7) Ibid. p. 15
- (8) Ibid. pp. 19-21.

The project began on December 2, 1963 and was terminated in approximately six months. The departments reacted positively to the arrival of the consultants. In this connection, it is instructive to note the following observation:

"Senior executives recognized that a certain amount of kudos accrued to "innovative" departments. Line managers generally had enough beefs that an opportunity to make suggestions to the consultants was therapeutic. Most important of all, the individuals working on the project were capable professionals. Respondents indicated to the writer that the consultants came to earn the respect of their clientele as the project continued. Predictably, the skeptics were the more insecure or ineffective individuals."⁹

The consultant's studies substantiated the feasibility of implementing the financial management recommendations. The main areas of divergence with the Glassco proposals concerned the question of net voting, total costing and accounting, the off-setting of revenues against expenditures, the voting of funds for common services to the user departments and the applicability of accrual accounting. The divergence with the Glassco proposals was primarily one of degree and a more selective and gradual approach in these areas was proposed.¹⁰

On September 2, 1964, the Policy Committee of the Treasury Board recommended that the Treasury Board accept the consultants' recommendations and grant permission to proceed with implementation throughout the government. In seeking this permission, it was understood that the process would take time and that the approach should be gradual and cautious in order that the new systems developed not be implemented before the old controls were abandoned.¹¹

(9) Herbert Gabora, op.cit., p. 22

(10) Ibid. pp. 22-24.

(11) Ibid. p. 25.

The Treasury Board heeded the consultant's recommendations and allowed new studies to be undertaken in other departments between 1963 and 1970. The cumulative result of these efforts was a new format for the Estimates based upon consolidated departmental programs which associated total program costs to departmental plans and objectives. By 1970-71 all departments were able to present their Estimates in this new format.¹²

While this work was being conducted on the new format for the Estimates, changes in financial management were also being affected in other areas.

On March 26, 1964, Dr. Davidson, Secretary of the Treasury Board, issued a directive to departments recommending that they designate a Chief Financial Officer responsible for initiating planning and the development of Program Budgeting. Subsequently, in 1966, the Secretary of the Treasury Board announced the introduction of a two-stage review process: the program review in the spring and the detailed Estimates review in the winter.

Moreover, in order to facilitate the comprehension and use of these new financial management approaches, the Treasury Board issued the following publications: 1) the Program Review and Estimates Manual officially released in April 1967; 2) the Financial Management Guide released in October 1966; and 3) the P.P.B.S. Guide released in 1968.

(12) See. Canada. Estimates. (For the fiscal year ending March 31, 1971). Ottawa. The Queen's Printer. 1970, for the nature of the new format. See also Appendix II for a summary of the cumulative innovations found in the Estimates, "Blue Book". It should be noted here that, in the beginning, the purpose of these activities was to introduce a revised format for the estimates along program budget lines and not in a PPB sense.

In addition to these more external activities, the Treasury Board also undertook an internal reorganization in an effort to gear up for its new role in financial management. The first step in the reorganization was the creation of the Management Improvement Branch.

This branch, for which Mr. D. Yeomans was responsible, was created to:

"...advise the Board on major matters of managerial policy on such subjects as government organization, productivity, financial management, material management, paperwork management, office equipment, operations research and electronic data processing."¹³

The staff role performed by this branch of the Treasury Board not only included advisory and research responsibilities in all areas of the managerial sciences, but also involved the catalytic responsibilities of following up these studies to ensure that departments were actually using¹⁴ and exploiting the new techniques.

Another important structural development was the creation of the SIMPAC group within the Management Improvement Branch. SIMPAC is the acronym for System of Integrated Management Planning and Control. This group resulted from work done in 1965 by a team of Treasury Board personnel responsible for the development of sophisticated P.P.B. concepts concerning the problems of central allocation and resource optimization within a total integrated systems framework. The team subsequently recommended the creation of a systems planning group having the responsibility for the development of a system of integrated management planning for planning and the review of programs at the senior management level. Treasury Board accepted the recommendation and approved the creation of the group on February 11, 1966.¹⁵

(13) Donald R. Yeomans, Management Improvement in the Federal Public Service. An Address to School Superintendents. November 17, 1967. pp. 10-11.

(14) Ibid. p. 11

(15) See. Herbert Gabora. op.cit. p. 33.

In essence, the group was responsible for the development of an advanced management information system which would permit a more fruitful evaluation of government programs. The system was to be designed in such a manner as to assist in the comparison of the costs and benefits of programs and thereby provide a basis for deciding whether a program should be increased. One of the results of these activities would be the development of more objective standards for analysis and comparison.

This information system was to be of use to the departments in the planning and control of their operations; to the Treasury Board secretariat in analysing departmental programs; and, finally, to Parliament in the estimates review process. Essentially, however, the system would be most useful to the Treasury Board because it would be designed to meet the Board's managerial control needs over programs as delegation to departments increased.

Finally, legislation was enacted by Parliament to reflect the structural, attitudinal and authority changes resulting from the acceptance of the Glassco Commission recommendations regarding the role of the Treasury Board.

The first piece of legislation of import is the Government Organization Act, 1966. This act included amendments to the Financial Administration Act which effectively separated the Treasury Board from the Department of Finance and provided it with its own minister - the President of Treasury Board.

(16) See. B.A. MacDonald, SIMPAC. (An Address to the Senior Officers Course). March 15, 1967. See also. Herbert Gabora, op.cit. pp. 33-34.
(17) 14-15 Elizabeth II (1966) c.25 s.32 (4)

Subsequently, these changes, and others of import in the financial management area, were reflected in a redrafted Financial Administration Act. The Act itself did not change the responsibilities of the Treasury Board in financial management. However, the statement of the Board's responsibilities included the following declaration.

"(d) the review of annual and longer term expenditure plans and programs of the various departments of Government and the determination of priorities with respect thereto,"¹⁸

This inclusion is a reflection of the new program and forward planning orientation adopted by the Board.

The last noteworthy event relating to financial management concerns the abolition of the office of Comptroller of the Treasury. The revised Financial Administration Act transferred the pre-audit allotment control and commitment control responsibilities of the Comptroller of the Treasury¹⁹ to departmental deputy ministers. The net effect of these changes was the termination of the duplication of work and divided responsibility in the area of financial control and the assumption, by departmental managers, of the full responsibility for their own financial management. Consequently, managers could therefore be held accountable for their performance in managing their operations.

(18) Financial Administration Act. R.S.C. 1969. c.116. s.5(1)(d).

(19) See. Financial Administration Act. R.S.C. 1969. c.116 s.24(3) (4); s.25(1) (2) (3) (4) (5); s.26(1) (2) (3); s.28(1) (2); s.29(1) (2); and s.31(1) (2) (3) (4). These sections effectively repelled the following sections of the original Financial Administration Act. S.C. 1951. c.12 - s.11(1) (2) (3) (4) (5); s.12; s.13; s.30(1) (2) (3) (4); s.31(1) (2) (3) (4) (5) (6) (7); and s.33(1).

The amendments presented in the Financial Administration Act were complemented by the provisions of the Government Organization Act, 1969. In effect, this Act established the office of Receiver General and Deputy Receiver General in the Department of Supply and Services and transferred to him those other responsibilities of the Comptroller of the Treasury not given to the departments. These responsibilities included cheque issue, keeping the accounts of Canada and the preparation of the public accounts.

The passage of these legislative enactments completed the implementation of the Glassco Commission recommendations in the financial management area and resolved the major issues identified and discussed by the Committee of Senior Officials.

Implementation Activities in the Personnel Management Area

The personnel management system of the public service was also subjected to a series of substantial and fundamental changes between 1964 and 1968. These changes resulted from the environmental pressures exerted by the Glassco Commission and the decision to introduce collective

(20) See. Government Organization Act. 1969. 17-18 Elizabeth II. c.28. s.45; and s.46 (1) (2). See also Financial Administration Act. R.S.C. 1969. c.116 s.54(1) (2); and s.55(1) for the Receiver General's responsibilities regarding the accounts of Canada and the Public Accounts. See also The Honourable C.M. Drury's statement in the House of Commons regarding these Acts. Canada. House of Commons. Debates. Vol. VI. Feb. 26, 1969. p.5988.

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bargaining, as well as from the growing realization that a new philosophy and approach to personnel administration was required. The cumulative effect of these changes was a new orientation and the reorganization of the Civil Service Commission as well as the rationalization and clarification of the functional responsibilities between the Treasury Board and the new Public Service Commission (PSC).

The Civil Service Commission (CSC), as noted earlier, took exception to, and opposed, the Glassco Commission's attempt to divest it of its traditional powers. Though the CSC failed to win the support of the Committee of Senior Officials, it was spared the ordeal of emasculation. This resulted from the fact that the Glassco proposals and the dissatisfaction of the bureaucracy, as expressed by the views of the Committee of Senior Officials, had a catalytic effect on the CSC and spurred it to search for, and carve out, a new role for itself. These efforts met with resistance from officials of the Treasury Board who were still intent upon pushing for the implementation of the Glassco Commission's recommendations in personnel management.

This resistance to the CSC's new role was, however, largely overcome as a result of the findings and proposals of the Preparatory Committee on

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- (21) The totality of the changes in personnel administration are not attributable to the Glassco recommendations. There is no doubt that Glassco provided the philosophical dimension governing these changes and served as a catalytic change agent. However, it is instructive to note that the issue which was ignored by the Commission, namely collective bargaining, gave considerable impetus to the implementation of the Glassco proposals. In point of fact, the prerequisite to the successful introduction of collective bargaining was the implementation of the Glassco recommendations. Confidential Interview. See also J.J. Carson. "What Has Happened to Glassco". (mimeograph) January 4, 1965. p. 2. (Printed in the April 1965 issue of Public Personnel Review).

Collective Bargaining. In effect, the Preparatory Committee gave the CSC a new lease on life by perceiving it as a vital force within the bureaucracy. Indeed,

"As they proceeded with their consideration of the subject matter of bargaining, the staff of the PCCB generally came to feel that, although appointments and promotions were management functions, special considerations and safeguards were still necessary, as they were in the past. In their opinion, a real need existed to ensure that the bureaucracy was broadly representative of the entire community, and, at the same time, to guard against both political patronage and bureaucratic nepotism. Although it may not have been defined in such clear terms in 1964, Heeney later told the Special Parliamentary Committee that the only way these considerations could be guarded was to remove appointments and promotions from the collective bargaining process altogether: "On the basis of our analysis of the patterns of collective bargaining elsewhere, we were not persuaded that the parties in bargaining could always be depended upon to preserve the public interest in two vital areas...." Accordingly, "we therefore recommend that a Civil Service Commission responsible to Parliament and independent of both the government of the day and of employee organizations, should continue to regulate the entry of Canadian citizens to the public service and to establish and control the standards by which public servants would be promoted, demoted or released."²²

The support received from the Preparatory Committee was buttressed by the appointment of a new chairman. Mr. J.J. Carson, the new Chairman, had previously been an ardent critic of the CSC. However, he had come to revise his opinions and realized that the CSC had a continuing role to play in

(22) The Special Joint Committee of the Senate and the House of Commons on Employer-Employee Relations in the Public Service of Canada, 1966-1967, Proceedings and Evidence. (Ottawa: Queen's Printer, 1966-67), p. 352 as quoted in J.E. Hodgetts, et al. The History of the Civil Service Commission of Canada, 1908-1967. (Unpublished Manuscript). 1972. Chapter 14, p. 14. See also pp. 1 to 13 for a description of the new role the CSC was proposing for itself and the resistance it received from the Treasury Board.

areas other than the certification of initial appointments. Indeed, under Mr. Carson's leadership a new philosophy and approach to staffing and personnel management was developed and an internal reorganization undertaken.

The main tenets of the CSC's new philosophy were: 1) that the merit principle was a changing concept which reflected, and had to reflect, the changing values of society and that it was the CSC's duty to be aware and sensitized to these changes in order to inform the bureaucracy; 2) that the CSC should not be a reactive agency as it had been in the past, but rather a dynamic and anticipative force in the staffing field, planning and assessing manpower needs and resources in advance; and 3) that these activities be carried out within a framework of decentralized authority both internally and externally in departments. Regarding this last element, it is imperative to note that the responsibilities delegated to departments were in the area of operational authority only. The CSC was to retain the planning, co-ordinating and centralized service responsibilities.²⁴

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- (23) Confidential Interview. Mr. Carson was appointed Chairman of the Civil Service Commission in September 1965. Prior to his appointment, he had been the project director of the Glassco Commission's study on personnel management and had subsequently joined the Treasury Board as a special advisor in August 1964. It was during his stay in the Treasury Board that he revised his opinions.
- (24) See. J.E. Hodgetts, et al. The History of the Civil Service Commission of Canada, 1908-1967. op.cit. Chapter 16, p. 53; Chapter 15, p. 51; and Chapter 14; p. 17. See also J.J. Carson, The New Look in Personnel Policy. (Some notes for a Discussion on Personnel Policy). (mimeo). Senior Course in Public Administration. April 8, 1965. p. 1 and pp. 4-5. In these notes, Mr. Carson outlined the purposes and principles which should guide personnel management. These statements reflect his views and indicate his revised opinions prior to his appointment as Chairman of the CSC.

The CSC underwent a series of internal reorganizations between 1960²⁵ and 1968. The main structural changes of interest here were carried out following the enactment of the Public Service Staff Relations Act, the Public Service Employment Act, and the amended Financial Administration Act in 1967. However, prior to considering these legislative enactments, attention should be drawn to two new structures established within the CSC.

The first is the creation of the Bureau of Classification Revision created in October 1964, as a result of the proposals for reforms in the systems of classification and pay made in May of that year to Cabinet by the Preparatory Committee on Collective Bargaining. This Bureau undertook the responsibility for the development and gradual installation of a new system of classification and pay based upon the Preparatory Committee's²⁶ recommendations.

The second is the creation of the Staffing Branch. This branch was primarily responsible for the operationalization of the new staffing philosophy adopted by the CSC and proceeded to develop a series of staffing programs to attain this end.

The rationalization and restructuring of the personnel management function within the public service occurred in 1967 with the passage of the following legislation: 1) The Public Service Staff Relations Act; 2) The Public Service Employment Act; and 3) a revised Financial Administration Act.

The Public Service Staff Relations Act introduced a system of collective bargaining into the public service and forced the rationalization of the

(25) See. J.E. Hodgetts, et al. op.cit.. Chapters 14 & 15, for a discussion of these changes.

(26) See. Canada. Report of the Preparatory Committee on Collective Bargaining. (Ottawa: The Queen's Printer, 1965) p. 2 and pp. 7-14.

functional responsibilities between the CSC and the Treasury Board in the area of personnel management.

The Act established the Public Service Staff Relations Board to oversee and direct the system of collective bargaining and designated the Treasury Board as the employer or "general manager" for the purpose of negotiating and entering into collective agreements.²⁷

The revised Financial Administration Act entrusted the Treasury Board with personnel management in the public service including the authority to determine the terms and conditions of employment of public servants.²⁸

In relation to personnel management specifically, the Act provides that the Treasury Board may determine the manpower requirements of the Public Service and provide for the allocation and effective use of manpower resources; determine requirements for training and development; provide for the classification of positions of employees; determine pay, hours of work and leave and related matters; establish standards of discipline and prescribe penalties, including suspension and discharge and the circumstances in which they may be applied; provide for standards of physical working conditions and for health and safety; determine travelling and other expenses and allowances; and, provide for other matters, including terms and conditions of employment not specifically provided for in the Act.²⁹

- (27) See. Public Service Staff Relations Act. 14-15-16 Elizabeth II c.72. s.11; s.18; s.19(1); s.20; s.22; s.22; s.23; s.24; s.25 & s.54.
(28) See. Financial Administration Act. R.S.C. 1969. c.116. s.5(1) (d).
(29) Ibid. s.7(1)(a) to (i).

The Treasury Board is also empowered to delegate to Deputy Heads such powers and functions as it sees fit as well as revise, rescind and
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reinstate such authority.

These two acts eliminated the somewhat schizophrenic and ambiguous relationships which had previously existed in personnel management and facilitated the implementation of collective bargaining. More specifically, these acts divested the CSC of certain of its traditional functional responsibilities. The CSC's responsibilities in the area of classification were given to the Treasury Board and this entailed the movement of the Bureau of Classification Revision to the Treasury Board. Because of collective bargaining, Treasury Board's "general manager" responsibilities, and the subject matter of bargaining, the CSC's statutory responsibility for making recommendations on pay, leave and other economic benefits was rescinded. The Commission also had to relinquish its control over the Pay Research Bureau which was transferred to the Public Service Staff Relations Board. Finally, the CSC no longer had any responsibilities regarding the adjudication of disciplinary problems. These now came under the aegis of the Public Service Staff Relations Board as a result of its responsibilities for the adjudication of grievances.

The loss of these responsibilities did not, however, emasculate the CSC. The Public Service Employment Act provided the new Public Commission (PSC) with staffing responsibilities which have been broadly interpreted to include not only recruitment, selection and initial appointment, but also manpower planning career advancement, appraisal systems, staff training and development, rotation, and all matters affecting the qualifications
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of a person to perform duties.

(30) Financial Administration Act. R.S.C. 1969. op.cit. s.7 (2).

(31) See. Public Service Employment Act. R.S.C. 1966-67. c.71 s.5(a) (b); s.6(2); s.12(1); s.33.

Moreover, the Act authorizes the PSC to delegate its authority to Deputy Heads, except in matters of appeal. It may also revise, rescind or reinstate its delegation. Furthermore, where it considers that 32 appointments have been improperly made, it may revoke such appointments. The Commission's activities in the area of delegation have, however, been guided by certain principles. These are: 1) the department's capacity to abond the responsibility while preserving the merit principle; 2) the PSC's capacity to establish effective and useful guidelines for the departments that accept the delegation; and 3) the overall needs of the public service for a central supply of certain classes which are in short 33 supply.

These statements indicate that, on the one hand, the PSC has been provided with the requisite authority to effectively operationalize its new approach to staffing and adhere to the basic philosophy of delegation propounded by the Glassco Commission. In a true sense, it has therefore moved away, relatively speaking, from the concept of a control agency towards that of a service agency.

This review of the implementation of the personnel management recommendations also indicates that the rationalization and restructuring of the functional responsibilities has depended, to a great extent upon external variables, namely, the introduction of collective bargaining and the appointment of an outsider such as Mr. Carson as Chairman of the Public Service Commission.

(32) Public Service Employment Act. R.S.C. 1966-67. op.cit.. s.6(1) (2).

(33) See. Public Service Alliance of Canada. "The Changed Role of the Treasury Board and the Public Service Commission under the New Legislation." (mimeo). August 28, 1967. p. 3.

This cursory overview of the implementation activities of the federal bureaucracy in the areas of financial and personnel management highlights additional reasons for the success of the process and provides some indication of the reasons for the time lags between ratification of the proposals and their actual implementation.

The conclusion to the previous chapter presented certain reasons for the success of the implementation process.³⁴ This chapter has pointed out other contributory reasons for this success. Briefly stated, they are: 1) the movement of the "change agency" (BOGO) to the Treasury Board and the appointment of BOGO's Director as Secretary of the Treasury Board; 2) the creation of new structures within Treasury Board having as their aim the promotion and elaboration of change along the lines presented by the Glassco Commission; 3) the passage of legislation aimed at legitimizing and formalizing the changes adopted; 4) the influence of external factors, particularly in personnel management; and 5) the personalities of the people involved in the process and their willingness to continually press, push and probe the bureaucracy in order to maintain the momentum which had been engendered.

Finally, in relation to the time lags existing between the ratification of the recommendations and their actual implementation, it has been demonstrated that these lapses resulted primarily from the difficulties of adapting the proposals to existing systems and reversing inbred and traditional attitudes.

(34) See supra. p. 119.

CONCLUSION

This study resulted from a desire to explore certain basic questions about the Glassco Commission and bureaucracy. These queries were: "Why did major structural change only come about after an external change agent, such as the Glassco Commission, was created? and "Why and how were the Glassco recommendations implemented?"

In attempting to answer these questions, consideration was given to the nature of bureaucracy, its relationship with its environment, its dysfunctions, to the reasons for creating the Glassco Commission, and, finally, to the structures, processes and personalities involved in implementation.

The thrust of the argument has been that, prior to the Glassco inquiry, the Canadian federal bureaucracy was a bureaucracy in the classical sense of the word and that, consequently, it suffered from the dysfunctions

inherent to this type of organization. Of the various bureaucratic dysfunctions identified, three were singled out as major factors inhibiting change. These were: (1) the bureaucratic veto system; (2) goal displacement; and (3) the career perceptions of senior bureaucrats. Together, these variables appear to have effectively impeded and militated against the promotion of change from within. Finally, the discussion of the implementation process attempted to demonstrate how these dysfunctional variables were overcome in two particular areas - those of financial and personnel management.

The conclusion of this study will endeavor to state the study's findings and relate them to the theoretical propositions advanced at the beginning of the study.

Prior to the Glassco Commission inquiry, the Canadian federal bureaucracy broadly paralleled the classical stereotype of the bureaucracy. It was, generally speaking, a monocratic organization characterized by a hierarchy of superior-subordinate relations and demanded total adherence to prescribed authority patterns as well as to the directives and initiatives dispensed from above. The end result of this state of affairs was that the dysfunctional variables inherent to this form of organization, particularly the veto system, goal displacement and the career perceptions of senior bureaucrats, shaped the attitudes and activities of the bureaucracy in such a way as to ensure predictability and minimize disruptions. Consequently, change from within was stifled.

These dysfunctional variables operated at the macro and micro levels. At the macro level, the relationships between the central control agencies and the departments followed a set pattern. Indeed, they were so determined

that all powers of initiative rested in the central agencies -- particularly in the financial and personnel management areas. In effect, the processes of financial and personnel management were highly centralized in the Treasury Board, the Comptroller of the Treasury and the Civil Service Commission. These structural arrangements maintained the superior - subordinate relationship between departments and the central agencies, ensured adherence to the guiding normative values of financial and personnel administration (i.e. the theory of accountability and financial probity and the merit principle) and tended to minimize innovative activity.

These values were so sacrosanct that they dominated the totality of the financial and personnel management processes and reinforced the dominating position of the central agencies entrusted with the responsibility for ensuring their maintenance. The effect of the prominence of these values was goal displacement. Indeed, over time, the central agencies shifted their preoccupations away from the upholding of these values to the maintenance of the relationships, systems and processes devised and created to support these principles. The result appears to have been the infusion of rigidity and morass into the structures and operations of the bureaucracy.

The effect of these preoccupations at the macro level was a weakening of departments and departmental management generally, centralization and a lack of self-evaluation on the part of the central agencies. Indeed, each instance of departmental mismanagement or weakness reinforced the belief, on the part of the bureaucrats staffing the central agencies, that more centralization, more regulations and more fool-proof systems of personnel or financial administration were required. The normative values guiding the systems of personnel or financial administration and the systems themselves were rarely assessed in the light of changing environment needs and pressures

and any assessments made could be discarded as attempting to destroy these cherished values.

These factors were also evident at the micro level within departments. No matter how much the departments detested their subservient position in this system, they were virtually powerless to change it. As a result, the same dysfunctional tendencies were evident at the departmental¹ level.

These statements should not be interpreted to say that the bureaucracy did not, or could not, evaluate itself. What it does mean is that, in those instances and at those times, when the bureaucracy or individual bureaucrats did evaluate the system and made proposals for change or innovation, they could rarely muster the support required to pass on to the implementation stage because of the veto system, goal displacement and the career perceptions of the more senior bureaucrats. There were apparently no provisions within the system for the building or acceptance of iconoclast activity.

Such was the reality of the Canadian federal bureaucracy encountered by the Glassco Commission. The Commission was not, however, created as a reaction to this situation nor was it the result of an intuitive, spur-of-the-moment decision. To the contrary, the Glassco Commission was the result of a long expressed desire on the part of the Conservative Party while in opposition. It has been argued that its establishment stemmed from a belief in the wastefulness and extravagance of government administration, but was prompted by a desire and a hope, on the part of the then

Prime Minister, that political mileage could be gained from its findings

(1) Though no specific mention has been made of the dysfunctional effects of the career perceptions of bureaucrats, it underlies many of the statements. Indeed, the dysfunctional attributes of the veto system and goal displacement could not persist if they were not reinforced by the career perceptions of the bureaucrats staffing and animating the structures of the bureaucracy.

and that the bureaucrats would be kept guessing about their relationship with their political masters.

The Commission did not, however, permit itself to be used for partisan purposes, not did it allow its enquiry to become a witch-hunt. To the contrary, it became a constructive exercise which prompted the bureaucracy to reassess its philosophy, its structures and procedures. In effect, the Commission's success was due to the bureaucracy's acceptance of the inquiry and its cooperation with the investigators. It appears that the bureaucracy was ready for change, frustrated by the existing systems and structural relationships, and perceived the Commission as the vehicle for introducing change and new life into its fossilized structures and operations. Many of the proposals formulated by the Glassco Commission resulted from suggestions presented by the bureaucrats themselves.

The problem which remained, however, was that of ensuring that the Commission's findings and recommendations would not go by the wayside. In a word, the problem was ensuring implementation.

The impetus for implementation came from the Commission itself. The members of its central executive staff firmly believed that, whatever the result of the Commission's investigation, its findings and proposals should and must be submitted to a process of active discussion. Motivated by this belief, these officers sought and enlisted the support of Mr. R.B. Bryce, a senior mandarin in the bureaucratic establishment. It has been submitted that this choice was fortunate because Mr. Bryce, as a result of his personal influence and the exigencies of the political situation at that point in time, was in a position to enlist the support of the bureaucracy's political masters as personified by Mr. Diefenbaker, the then Prime Minister. The cumulative effect of this political sanction was the creation of structures having as

their avowed aim the promotion of change and the implementation of the Glassco proposals within the bureaucracy.

The personalities chosen to man these structures were able to overcome the bureaucratic dysfunctions inhibiting change because they did not accept the sacrosanct nature of the existing systems, because they had received a mandate from their political masters enabling them to promote change along the lines proposed by Glassco, and, finally, because the personalities of these facilitating structures were artful diplomats able to cajole and negotiate, thereby allaying fears and overcoming the veto system and the career perceptions of their colleagues.

The implementation process was further promoted by the fact that the change agents were subsequently given a powerful bureaucratic mandate, in the form of an appointment to the Treasury Board, to continue the promotion of change. This bureaucratic mandate was further enhanced by a change in government and the arrival of political masters willing to trust the bureaucracy and give it the necessary political carte blanche to get on with their work as they saw fit.

This summary statement of the major findings of this study indicates that change was introduced into the bureaucracy because the dysfunctions identified were overcome. These dysfunctions were surmounted because support was gained from the top of the monocratic structure, thereby restricting the field of activity of the veto system, and because the personalities chosen to push implementation did not accept the sanctity of the systems which had come to replace the values they were created to maintain. Moreover, these factors were buttressed by the institutionalization of the change process and the

universal applicability of these changes. Consequently, their disruptive tendencies were offset because the bureaucracy was able to gradually absorb and internalize the new approaches and systemic changes inherent to the proposals.

Given these findings, it is now necessary to relate them to the theoretical propositions advanced at the beginning of this study.

The first proposition advanced was that a bureaucracy tends to resist change as long as it can and will only move when serious dysfunctions develop and no other options are available. Moreover, because of structural design, changes must be pushed down from the top and be universal in their application.

The findings of this study tend to validate this proposition. The Canadian bureaucracy remained static and resisted substantial change for approximately fifty years in the areas of financial and personnel management. Evidence of this fact is found in the lack of legislative enactments in these areas during this time as well as in the fate of both the Gordon Commission and the Heeney Report in personnel administration.

The serious dysfunction identified by the Glassco Commission as detrimental to the efficiency and effectiveness of governmental operations was the excessive degree of centralization prevalent in the authority and procedural relationships between the departments and the control agencies. This factor tended to reinforce the more "bureaucratic" dysfunctions identified herein, particularly the veto system.

Moreover, the discussion of the implementation process has demonstrated that change resulted from a decision and a series of activities taken at the

top of the bureaucratic hierarchy and was subsequently pushed down into the structures. The changes imposed upon the bureaucracy were also universal in their application. The universality of their application, in the instant case, is attributed to the fact that the financial and personnel management proposals and systems constitute the basis of the whole administrative apparatus.

Finally, there can be no doubt that the introduction of change into the Canadian bureaucracy was a deeply felt crisis. In effect, it forced two structures, the Civil Service Commission and the Office of Comptroller of the Treasury, to fight for their survival and imposed greater managerial responsibilities upon the departments, who were, in many, if not all cases, ill-prepared to accept them.

The second theoretical proposition of this study is that the innovator in a bureaucracy is drawn from a small minority of senior civil servants and that he is a lawgiver reordering the relationships within the bureaucracy, rather than a discoverer.

The study also tends to support the validity of this proposition. Indeed both Dr. Davidson and Mr. Bryce were drawn from a small minority of senior civil servants. Moreover, the result of their endeavor was, effectively, a reordering of the basic relationships within the bureaucracy. Over time, however, these new patterns and relationships resulted in the launching of new ways of doing things. An example would be the introduction of P.P.B.S. as the basis for the new system of financial management.

In terminating these considerations, certain thoughts should be kept in mind. The Glassco Commission did bring extensive change to the Canadian bureaucracy but did not drastically alter its nature. It is still

a monocratic structure suffering from the nefarious effects of its veto system and goal displacement and is still guided by the career perceptions of its bureaucrats.

However, it is submitted that, as a result of Glassco, these dysfunctions are not as extensive as they once were or could be. Indeed, the Glassco proposals loosened the veto system, both at the macro and micro levels, and introduced self-evaluation and change as a more viable alternative than the statu quo. The fossilization of the bureaucracy has also been halted to a great extent by the infusion of new people with different values and new ideas. At the structural level, the central control agencies are attempting to redefine their roles and activities and the departments are accepting greater responsibilities.

These changes are not, however, without dangers. It is possible that we could move to the other extreme of the spectrum and become so enamoured with change as to keep the bureaucracy in a state of constant flux. This would be as damaging as the depressive effects of the statu quo. It is also possible that a reaction could set in and prohibit innovative activity. The problem is that of striking the balance between the statu quo and change in order to infuse the adaptive characteristics of living organisms into a structure that must meet environmental needs to ensure its survival as a necessary and effective component in societal management.

The Glassco Commission and its aftermath constituted a step in that direction. The challenge, however, rests with those responsible for the everyday management of society and its structures.

APPENDIX I

The following is a list of the specific recommendations made by the Glassco Commission in the areas of financial and personnel management.

Financial Management:

- 1) The number of votes be reduced and all cost elements of individual programmes be consolidated within the same vote. (p.94)*
- 2) Departmental estimates be prepared on the basis of programme of activity and not by standard objects of expenditure. (p. 94)
- 3) The establishment review be undertaken as part of the overall review process and not as a separate exercise. (p. 94)
- 4) More objective standards for analysis and comparison be developed and employed by senior departmental management and the Treasury Board in the review process. (p. 94)
- 5) Where appropriate, revenues be offset against related expenditure, and that votes be shown in the Estimates and controlled on a net basis. (p. 95)
- 6) All departments and agencies be required to prepare and submit to the Executive long-term plans of expenditure requirements by programmes (p. 96)
- 7) Based thereon, an overall forecast of government expenditures and prospective resources for a period of five years ahead be prepared annually. (p. 96)
- 8) Departments and agencies be given the necessary financial authority and be held accountable for the effective management of the financial resources placed at their disposal. (p. 99)
- 9) The Treasury Board continue to lay down policies of financial and administrative matters common to all departments and agencies, but in a less restrictive manner. (p. 99)
- 10) Departments and agencies be granted more discretion in the negotiation of contracts. (p. 99)
- 11) Greater use be made of per diem rates and other measures to simplify travel regulations. (p. 99)
- 12) Responsibility be placed on departments for certifying to the Comptroller of the Treasury that expenditures will be lawful charges and that funds are available. (p. 100).

* The page numbers cited refer to the abridged edition of the first volume of the Glassco Commission. (Canada. Royal Commission on Government Organization. Management of the Public Service. (Abridged Edition) Vol. 1 (Ottawa: The Queen's Printer n.d..))

- 13) The responsibility of the Comptroller of the Treasury be limited to ensuring that the departmental officers providing this certificate are properly authorized. (p. 100)
- 14) The appointment of the senior financial officer in each department and agency be subject to the concurrence of the Treasury Board. (p. 101)
- 15) Departments be responsible for designing and maintaining the accounting records necessary to meet their requirements. (p. 102)
- 16) Departments adopt accrual accounting. (p. 103)
- 17) The costs of major common services be charged to user departments. (p. 104)
- 18) Departments and agencies adopt modern management reporting techniques. (p. 104)
- 19) Departmental management be responsible for establishing and maintaining a proper system of internal audit. (p. 105)
- 20) Consideration be given to making more consistent and generally applicable any special powers granted to enforce tax collections. (p. 106)
- 21) All scales of fees and charges, which are fixed by either statute of regulation, be periodically reviewed to the end that revenues and expenditures be related. (p. 107)
- 22) Consumable stores be controlled by greater use of revolving fund accounts. (p. 107)
- 23) Payroll audits of the Department of National Revenue (Taxation Division) and the Unemployment Insurance Commission be combined and carried out for the purpose of both authorities by auditors of the Unemployment Insurance Commission. (p. 109)
- 24) An inter-departmental committee on auditing be established to develop personnel and improve audit standards and procedures. (p. 109)
- 25) The form of the Estimates be revised so that the votes will more clearly describe the purposes of expenditure, more comparable and complete supporting information will be provided, and unnecessary detail eliminated. (p. 11)
- 26) Further improvements be made in the Public Accounts to eliminate unnecessary detail and to explain variances between actual and estimated expenditures. (p. 11)
- 27) The Statement of Assets and Liabilities be replaced by a statement accounting for outstanding debt, direct and indirect, with no reference to net debt. (p. 112)

Personnel Management:

- 1) Departments and agencies compile personnel statistics in accordance with a standard guide approved by the Treasury Board; and that such statistics be centrally tabulated by the Dominion Bureau of Statistics for use of the Treasury Board and departments. (p. 135)
- 2) Departments and agencies be given the requisite authority to manage their own personnel and be held accountable for efficient performance. (p. 141)
- 3) To facilitate creation of a unified public service, currently exempt agencies and staff be brought under a Civil Service Act revised to confer on departments and agencies responsibility for personnel management. (p. 141)
- 4) A central Personnel Division be created under the Treasury Board in framing policy and standards relating to personnel administration, and in the appraisal of the application by departments of such policies and standards. (p. 142)
- 5) Within departments and agencies, the personnel function be strengthened by the appointment of Chief Personnel Officers, with appropriate staffs of personnel specialists; and the appointment of Chief Personnel Officers be subject to the concurrence of the Treasury Board. (p. 142)
- 6) The Civil Service Commission should certify all initial appointments to the public service to ensure that selection has been made in accordance with appropriate standards. (p. 145)
- 7) The Civil Service Commission should continue to provide a common recruiting service for the public service, except where the Treasury Board decides that administrative convenience warrants direct recruiting by the department or agency. (p. 147)
- 8) Departments and agencies be empowered to recruit their own personnel above a proposed (say \$5,200) salary level. (p. 147)
- 9) The federal government adopt active measures to develop bilingual capacities among its employees on a selective basis. (p. 149)
- 10) The Government intensify its efforts to attract and retain more of the highly qualified young people of French Canada capable of advancement to senior ranks. (p. 149)
- 11) The veterans' preference should apply to initial appointment to the public service and should consist of a bonus of points to be added to the marks achieved by veterans in competitive examinations. (p. 150)

- 12) Promotions and transfers be made by departments within general guidelines established by the Treasury Board. (p. 151)
- 13) The salaries of senior administrative personnel be increased at least by the amounts necessary to create reasonable differentials in remuneration for varying degrees of entitlement of senior staff. (p. 170)
- 14) A simplified schedule of approximately twenty-five pay ranges be established for the public service, and departments be made responsible for classifying jobs and allocating employees to the appropriate pay range. (p. 176)
- 15) For senior and intermediate positions, at least, salary treatment within the pay range be related to performance of the individual. (p. 176)
- 16) The function of making wage comparisons now performed by the Department of Labour be transferred to the Pay Research Bureau. (p. 177)

APPENDIX II

The following is a statement of the cumulative innovations found
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in the Estimates document for 1970-71.

- 1) Within departments are listed programs.
- 2) Objectives are stated for each program.
- 3) Within programs are listed activities.
- 4) Explanations are stated for each activity.
- 5) Within activities, expenditures are listed according to modified standard objective categories. Additional listing gives details of manpower allocation, as well as expenditures on construction and acquisition, and on grants and contributions.
- 6) Expenditures and manpower figures are presented for three years; the immediate past, the current and the coming fiscal year.
- 7) Each program constitutes one parliamentary vote (unless the program includes capital expenditures or grants exceeding five million dollars, in which case, they are provided for in additional votes).
- 8) Non-budgetary items, such as loans, investments and advances are included with the program they support.
- 9) Expenditures for services provided by other departments are included with the program they support.
- 10) Summary statements are provided for each program, for each department, and for all departments and agencies together.
- 11) As a totally new aid, standing as an alternative to the classification of expenditures by programs within departments, is a classification of expenditures by program within "functions". Departments are units of government administration. Functions are units of government responsibility to society. The following functions are defined:
 - General Services
 - Foreign Affairs
 - Defence
 - Transportation and Communication
 - Economic Development

* This statement is drawn from: Herbert Gabora, The Implementation of PPB: Description and Appraisal. (Unpublished Manuscript). August, 1970. pp.28-30.

- Health and Welfare
 - Education
 - Culture and Recreation
 - Fiscal Transfer Payments
 - Public Debt
 - Unallocated Expenditures
- 12) Within functions are listed sub-functions. Within these appear programs.
- 13) Expenditure figures in the functional classifications are divided into two groups: group and assistance. The first ~~are~~ expenditures that add to production. The second are expenditures that redistribute wealth.
- 14) Estimates in the functional classification appear for the coming fiscal year, and for the subsequent four years.

APPENDIX III

The following is a copy of P.C. 1960-1269, the Order-in-Council establishing the Royal Commission on Government Organization and outlining its Terms of Reference.

P.C. 1960 - 1269

Certified to be a true copy of a Minute of a Meeting of the Privy Council, approved by His Excellency the Governor General on the 16th September, 1960

The Committee of the Privy Council have had before them a report from the Right Honourable John G. Diefenbaker, the Prime Minister, submitting that it is in the national interest that a comprehensive and detailed inquiry be made into the best means of promoting efficiency, economy and improved service in the operation of the departments and agencies of the government.

The Committee, therefore, on the recommendation of the Prime Minister, advise that:

J. Grant Glassco, Esquire,
of the City of Toronto,

Robert Watson Sellar, Esquire,
of the City of Ottawa, and

F. Eugene Therrien, Esquire,
of the City of Montreal

be appointed Commissioners under Part I of the Inquiries Act to inquire into and report upon the organization and methods of operation of the departments and agencies of the government of Canada and to recommend the changes therein which they consider would best promote efficiency, economy and improved service in the despatch of public business, and in particular but without restricting the generality of the foregoing, to report upon steps that may be taken for the purpose of:

- a) eliminating duplication and overlapping of services;
- b) eliminating unnecessary or uneconomic operations;

- c) achieving efficiency or economy through further decentralization of operations and administration;
- d) achieving improved management of departments and agencies, or portions thereof, with consideration to organization, methods of work, defined authorities and responsibilities, and provision for training;
- e) making more effective use of budgeting, accounting and other financial measures as means of achieving more efficient and economical management of departments and agencies;
- f) improving efficiency and economy by alterations in the relations between government departments and agencies, on the one hand, and the Treasury Board and other central control or service agencies of the government on the other; and
- g) achieving efficiency or economy through reallocation or regrouping of units of the public service.

The Committee further advises:

- 1) that the scope of the inquiry shall not extend to the institution of Parliament;
- 2) that the Commissioners be authorized to exercise all the powers conferred upon them by section 11 of the Inquiries Act and be assisted to the fullest extent by government departments and agencies;
- 3) that the Commissioners adopt such procedures and methods as they may from time to time deem expedient for the proper conduct of the inquiry and sit at such times as they may decide from time to time;
- 4) that the Commissioners be authorized to engage the services of such counsel, staff and technical advisers as they may require at rates of remuneration and reimbursement to be approved by the Treasury Board;
- 5) that the Commissioners report to the Governor in Council, making interim reports as progress is made, with the final report to be made within a period of two years.

6) that the Commissioners file with the Dominion Archivist the papers and records of the Commission as soon as reasonably may be after the conclusion of the inquiry; and

7) that Mr. J. Grant Glassco be Chairman of the Commission.

R.B. Bryce
Clerk of the Privy Council.

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