

Of Leaps of Faith and Policy Change: The Macdonald Royal Commission

Gregory J. Inwood

**Department of Politics and Public Administration
Ryerson University
ginwood@ryerson.ca**

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Abstract

Occasionally, broad-based programmatic commissions of inquiry profoundly influence policy agendas for generations of Canadians. But these idea-generating bodies remain vastly under-studied. This paper examines the 1985 Macdonald Royal Commission's key role in facilitating a "transformative moment" in the trajectory of Canadian public policy through a neo-institutional framework of ideas, institutions, actors and relations. The Commission influenced the federal government to reverse 100 years of economic development policy by recommending a "leap of faith" into free trade with the US. In so doing, it temporarily supplanted the larger set of institutions of the Canadian political economy (cabinet, parliament, public service, first ministers, courts, parties etc.) through which policy contestation is normally reflected. The Commission was the largest, most expensive, most far-reaching inquiry in Canadian history as implied by one observer's summation of its marching orders - "The universe is in trouble – please advise." It was given an absurdly broad mandate, launched ignominiously/prematurely by a leak, and greeted with scepticism as a hobby-horse for the chairperson's political ambitions. But it nonetheless offered an institutional forum for contending ideas and interests. The signature recommendation of the Commission was adopted by the government and ushered in profound policy change. On the basis of archival research, interviews with key Commission actors and a survey of literature by and about the Macdonald Commission, this paper explains how this policy change was realized, and whether any broader comparative lessons can be learned about Commissions and policy change.

I. Introduction¹

Every once in a while, the long, slow process of incremental change in public policy gives way to a relatively sudden "transformative moment." These epochal changes in policy direction are rare in the real world, and little understood in policy literature. Institutionalist theory, whether historical, sociological or rational choice, has long been charged with being unable to account very effectively for policy change (Lecours 2005), and seems to be better at explaining why change does *not* take place. This study looks at one such change and the policy instrument that facilitated it and uses a theoretical framework of ideas, institutions, actors and relations for the understanding of these moments of "transformative change." The policy instrument is a royal commission; the policy change is Canada's decision to embark upon continental free trade.

The final Trudeau administration created the Macdonald Commission (the Royal Commission on the Economic Union and Development Prospects for Canada) in 1982, which reported to the first Mulroney administration in 1985 that Canada

should take a “leap of faith” into a continental free trade partnership with the United States in defiance of over 100 years of Canadian history. The Commission got off to a shaky start with the ignominious and premature announcement of its birth, courtesy of an embarrassing leak to the press. That the government was going to embark on one of those generation-defining programmatic inquiries that look into everything under the sun caught even the Trudeau cabinet off-guard. Moreover, the appointment of former minister Donald S. Macdonald as chair was widely seen as a consolation prize for his frustrated leadership ambitions, nipped in the bud by Trudeau’s surprising decision to “un-retire.” And controversy swirled around the fact that Macdonald was paid the outrageous sum of \$800 per day. His ungracious response was to point out that he could earn twice that in his Bay Street law practice. After holding the largest public consultation exercise and commissioning the largest body of social science research to that point in time, the Macdonald Commission produced its weighty three-volume report with a signature recommendation - free trade - that caught the country off guard.

The Macdonald Commission was the largest, most expensive, most far-reaching public inquiry to that point in Canadian history. “The universe is in trouble – please advise,” was the unofficial title bestowed upon it by one of its Research Directors, Alan Cairns. It offered an institutional forum for contending ideas and interests at an historically important moment in Canadian politics. The end of a political regime was unfolding, exhausted by the constitutional politics of the 1970s and 1980s, and a new era defined largely by the emergence of globalization was beginning. It is the argument here that a key programmatic role was played by the Macdonald Commission in Canada’s momentous change of course, facilitating as it did a transformative moment in Canadian economic development policy. In so doing, the Commission legitimized an emerging set of ideas, and temporarily supplanted the larger set of regular or traditional institutions of the Canadian political economy (cabinet, parliament, public service, first ministers, courts, parties etc.) through which these are normally reflected, while providing a forum for various state and civil actors to articulate their views and engage a broader debate about the future trajectory of Canadian economic development policy.

II. Ideas

What were the dominant ideas in the policy area of national economic development prior to the Macdonald Commission? At the risk of oversimplifying, nationalist and social democratic prescriptions predominated in the environment of policy making surrounding the creation of the Commission, but were under siege by continentalist neoconservative ideas percolating throughout parts of the business class, some elements of the federal bureaucracy, and among mainstream economists by the time the Commission undertook its work.

Three broad ideational factors framed the establishment of the Commission. First, there was a sense that there was an irresolvable economic crisis (the depression of the early 1980s) following from the general global crisis in capitalism after the "oil shocks" of the late 1970s. Second, there was a sense that governments had been disproportionately preoccupied with the constitution and should turn to more "bread and butter" issues like jobs and the economy. Third, there was a malaise about the capacity of the Trudeau government to address these issues, having largely spent its energies and political capital after over ten years in office. Thus the suggestion to turn to a royal commission for ideas. The notion that every generation or so, the Canadian government should undertake a broad, sweeping examination into the state of the economic, social and political union was a persuasive argument. In other words, the idea was that new ideas were needed.

It is possible to identify the ideas animating debate about the political economy in relation to the main contending economic development strategies which vied for primacy in Canada at the time. First, **social democratic nationalism** sought to use state intervention to foster Canada's development as an autonomous nation state, and was based since the Second World War on left-Keynesian theoretical assumptions. There were state-administrative manifestations of this idea in the Ottawa mandarinat which dominated during the construction of the Keynesian welfare state (see Granatstein 1998; Lewis 2003). Academically, this approach found a home in the field of Canadian political economy (Drache and Clement 1985). This view generally promoted a positive, interventionist state, up to nationalization of key parts of the economy; an industrial strategy; regulation; an array of state-sponsored social services; a multilateral trading strategy; and a role for Canada in international multilateral institutions (such as the United Nations) to counter-balance bilateral relations with the US. It used the discourse of Keynesianism and its political bedfellow, moderate democratic socialism.

The antithesis of this set of views is **neoconservative continentalism** which sought greater economic integration with the United States. It was based on a free market, non-interventionist strategy. Its bureaucratic home was in the Department of Finance and functional ministries whose mandates largely revolved around industrial-business interests in Canada. Academically, it was associated with mainstream liberal economics. This view promoted: a commitment to free trade and less state intervention; privatization and deregulation; and an aversion to industrial strategy. It spoke the language of neo-classical liberal economics and its political bedfellow, neoconservative politics.

"Public inquiries are episodic....The crisis that leads to an inquiry often demands a response that is public, specific about the past, comprehensive about the future, and also cost-efficient and speedy" (O'Connor 2007). The Macdonald Commission offered a temporary institutional forum for contending paradigmatic views, helping to shine a light on their intellectual rationales. It is therefore an invaluable source for examining the content and discourses of nationalism and

continentalism, and for explaining the fundamental reorientation in national economic policy-making represented by continental free trade.

In ideological terms, the Commission captured the disharmony in the political discourse of Canadian society. The post-war Keynesian consensus, battered after a series of successive crises in the 1970s, had not been reconstructed and was in a state of disarray in the early 1980s. But evidence reveals social democratic nationalist economic development strategies which shaped that consensus had not been entirely abandoned or discredited. Nonetheless, a contrary view was emerging based in mainstream economic theorizing groping for a new set of more neoconservative continentalist strategies. Thus the post-war breakdown in consensus concerning Canadian economic development strategies had not been replaced by a new conventional wisdom. So the Commission served as site of struggle between advocates of a crumbling nationalist mode of politics and proponents of a more continentalist economic regime. The depth and breadth of the ideational contestation of the times could be seen in the Commission's terms of reference, which contained an astounding 200 questions to be addressed.

III. Institutions

It has been remarked about political institutions in Canada that "conventional channels of policy development and interest representation are not the sources of major policy ideas or drivers of change" (Bradford 1999/2000, 141). The institutional features of Canadian economic development policy support this contention in the period prior to the Macdonald Commission, which can be described as being in flux and unable to deliver a coherent long-term strategic framework or settle on concrete policy prescriptions.

For example, economic development policy had been the purview of several departments. But serendipitous internal reorganization of Industry, Trade and Commerce (ITC) in the early 1980s allowed Trade to move to Foreign Affairs where trade officials met less resistance to the idea of free trade than they had experienced in ITC, where a traditional protectionist policy had predominated (see Doern and Tomlin 1991). This protectionist mind-set reflected the client-group ITC traditionally served - Canadian manufacturers - which historically had been resistant to free trade.

More generally, the government was thought to be adrift where economic development policy was concerned. The Prime Minister was exhausted by the constitutional wars. Finance Minister Allan MacEachen's budget of 1981 was regarded as one of the most disastrous in Canadian history. The cabinet was restless, with key players already eyeing leadership bids. Experimentation with cabinet committee and expenditure management systems, departmental reorganizations and rationalizations in the 1970s and early 1980s revealed the extent to which the institutions of the day were thought to be inadequate to the

tasks of modern policy-making (see Good 2007). It was a period of institutional *anomie*. Hence the expressed need for an independent institutional body to give the area some deeper, arms-length consideration.

As to the internal institutional features of the Macdonald Commission, several were significant. For example, not only were the terms of reference sweeping, the number of commissioners appointed was unprecedented, arrived at after an agonizing process of aiming for a representative sample of Canadian society. Despite appointing a record thirteen, the Commission was indeed criticized for its failure to be representative (see Drache and Cameron 1985). The Commission also hired a large staff, mainly seconded from various government departments and agencies, as well as from academe and, in a few cases, media and the private sector. At about \$22 million, the Commission was also bestowed with the largest budget of any public inquiry to date. The research capacity and channels for public participation were unprecedented. And finally, the final report was a massive three-volume document which few Canadians would have the time or inclination to read cover-to-cover, despite significant media coverage of the Commission during its life.

But of all the institutional features within the Macdonald Commission, perhaps the most significant was the emergence of the oligarchic policy group which provided the political and bureaucratic leadership for the Commission, typically found in persons of the commission chair and senior staff. That power to shape the final recommendations of this Commission devolved into the hands of this group is a matter for lesson-drawing. Typically, as the literature on commissions of inquiry reveals, the chair is a former politician, judge or other state official of some reputation who can command a certain degree of respect and legitimacy for the inquiry. Such was the case with Macdonald who, as noted above, had been a Member of Parliament and cabinet minister in the Pearson and Trudeau governments. Senior staff are often career public servants seconded from government for the duration of the inquiry. As Weir notes, "patterns of recruitment to administrative posts and procedures governing advancement are both critical factors in determining whether innovative ideas will emerge within national bureaucracies" (Weir 1989, 59). In this case, the Macdonald Commission in its early days became mired in infighting as Commission staff jockeyed for position. As reported by participants in this process, careers were made and ruined, key staff slammed their office doors and were never heard from again, relationships were formed, marriages ended - all in the course of running the Commission. The internal flux catalyzed around a disastrous interim report, following which Macdonald and the policy group took hold of the Commission process and shaped it toward their desired ends.

As for post-commission institutional change in the Canadian political economy, clearly a new regime was constructed to facilitate the key recommendation of free trade, which was institutionalized in agreements which set new constraints and parameters around state action. However, "the institutional infrastructure for

the management of the Canada-U.S. relationship is surprisingly light - no political or policy oversight, no regular meetings between heads of government or foreign or trade ministers, no formal structure of committees looking at the relationship in a coherent and coordinated manner" (Hart 2005, 123). The Macdonald Commission made little attempt to assess the necessity of these institutional innovations, or of the incessant power of the American Congress to act in its own best interests, free trade or no free trade.

However, it is also noteworthy that the Commission had virtually no effect on the original policy problem it was conceived to redress - barriers to internal trade and the development of the Canadian economic union. As Macdonald himself wrote 20 years after the Commission, "Let me acknowledge at once that providing a specific and immutable framework for internal trade did not emerge from the Commission's deliberations, while a range of other public policy recommendations, which had not arisen in my recruitment [as Chair of the Commission], did" (Macdonald 2005, 6). Although unemployment insurance reform was a major focus of the Macdonald Commission, rather than undertake its' recommendations, the government of Canada resorted to yet another commission of inquiry to further investigate the issue (the Commission of Inquiry on Unemployment Insurance, the Forget Commission), as did the government of Newfoundland and Labrador (the Newfoundland Royal Commission on Employment and Unemployment, the House Commission). Other policy areas where there was little or no institutional reconfiguration included those aimed at the Canadian state (Senate reform, federalism, electoral democracy, central agency reform, decentralization of departments for policy planning purposes, delegation of powers between the federal Parliament and provincial legislatures, more formalized intergovernmental machinery, etc.) and at incomes policy (specifically a guaranteed annual income). Some recommendations around reform of the Canadian social safety net were made piecemeal, largely in response to the market-oriented environment generated by the "big bang" of free trade. Free trade, as one Commission researcher put it, "dealt more with the kind of economy that Canada would have, rather than what kind of foreign economic relations it would pursue... the FTA was at base a domestic policy in which Canada sought especially to deregulate its economy" (Winham 2005, 104). But overall, even though the Commission asserted that "without the institutional change it proposed, its economic goals were imperfectly attainable, (Cairns 2005, 134), institutional change was limited, even as the free market ideas of the Macdonald Commission percolated throughout many policy areas over the years.²

IV. Actors

The key state actors in the sector or field prior to the Macdonald Commission included those officials and bureaucrats of the federal government in the executive branch (PM and cabinet, PCO, PMO, and relevant functional ministries) concerned with the general macro-economic governance of Canada.

Their interactions with societal actors – business and labour interest groups and a growing popular sector - revolved around debates about the manner in which Keynesian prescriptions could be applied to the Canadian political economy. Among the prominent issues were the appropriate level of government intervention; regional economic development; foreign direct investment; industrial policy; and trade policy. In addition, rampant inflation and rising unemployment bedevilled policy-makers by the early 1980s to the extent that a generalized economic crisis existed. Actors struggled to contrive policy under stressful and quickly deteriorating conditions. Macdonald himself noted the prevailing approach to the political economy when he wrote:

...looking back to the previous decade, the 1970s, in the two economic portfolios I had held as a minister, I had been responsible for highly dirigiste policies. In Energy, I had been the minister responsible for the National Oil Policy of 1973/1974, the incorporation of PetroCanada, the substantial investment by the federal government in Syncrude to maintain momentum in the oil sands, and Canadian participation in a price control regime for uranium exports. In Finance, I had become the ultimate, comprehensive dirigiste over the whole economy, as the minister responsible for the wages and prices program (Macdonald 2005, 9).

The appointment of Macdonald as Chair of this inquiry certainly did not portend free trade. After all, he had a reputation as a protégé of Walter Gordon, the arch-nationalist minister in Lester Pearson's government. And Macdonald had himself charted nationalist courses as minister during the Trudeau government's most nationalist phase, including the failed Third Option policy of diversifying trade away from the United States. Macdonald's conversion to free markets came about as a result of his post-government career immersed at the highest level in the culture and practices of corporate Canada. In the private sector, he became convinced that "state-controlled programs had failed to achieve the rates of growth to which we all aspire" (Macdonald 2005, 9).

Corporate Canada itself, long divided into resource, finance, manufacturing and other fragments, was changing its views too. Specifically, protectionist elements represented by the Canadian Manufacturers Association (CMA) gradually came to the view long held by the Chambers of Commerce, that free markets were preferable to state protection. They were joined by the emerging Business Council on National Issues (BCNI), and together these proved influential in convincing the Commission of the merits of free trade with the United States. In contrast, Canadian labour took a polar opposite view, arguing for a stronger state and less reliance on market forces. Among the interesting developments of the time was the emergence of a diverse and vocal popular sector. Comparisons between the Macdonald Commission public hearings and those of previous commissions reveals both a greater number and type of groups pressing their demands. In general, the views of the popular sector were more consistent with those of labour. They too preferred a dirigiste state.

Analysis of the Commission's public consultations disclosed polarization with organized labour and the popular sector adopting a state-centred nationalist social democratic position, and a significant (though not unanimous) segment of the business community adopting a market-oriented continentalist neoconservative one. It reveals that notwithstanding a majority of public submissions supporting nationalist social democratic positions, the Commission adopted the opposite ideological stance. Over 1,100 groups and citizens made written deputations to the Commission, and over 750 in-person presentations were heard by the Commissioners in 27 cities and five Arctic communities. The Commissioners also met with provincial and territorial premiers and officials, and held private consultations with a variety of private sector groups. It organized seminars on the basis of these meetings and the academic research it received, and disseminated 300,000 copies of an information booklet on its activities. Workshops were held at 12 universities across the country. And a further round of public hearings in the form of round-table and town-hall style discussions was held.

Among those non-business groups that commented to the Commission on economic development strategies for Canada, close to 100% either opposed free trade or suggested alternative strategies. More surprisingly, perhaps, close to 50% of business organizations took the same perspective. Combined with the fact that 60% of Canadians voted in the 1988 election against the only party advocating free trade, this means the Canadian government embarked upon a policy choice that lacked widespread popular support.

The Macdonald Commission proved to be an important site for the articulation of contending viewpoints about the future of the Canadian political economy. It gave shape to the forces which would later contend in the great free trade debate in the 1988 election and beyond (see Ayres 1998). It gave a platform to various civil society actors which later galvanized into pro- and anti-free trade coalitions. It could be argued that the Macdonald Commission therefore played an important role in the reconfiguration of post-commission constellation of actors in Canadian society. It legitimized broader civil society participation in the deliberations of policy making. But at the same time, ironically, it delegitimized commissions of inquiry to some extent as sites of public consultation and democratic tools by ignoring much of what civil society told the Commission (see Drache and Cameron 1985). Finally, the triumph of the business class over labour and the popular sector in implanting its preference for free market approaches well beyond just free trade gave it a cache to which it previously could only aspire.

The other actors of significance in the work of the Commission were the academic researchers, a combination of old-boy academic and intellectual networks which produced an impressive 72 volumes of studies. Three research streams were devised - political science, law and economics. Overall, the advice of mainstream economics was heavily privileged concerning development

strategies for Canada, partly because economists appeared to be the only ones who could claim to have concrete policy prescriptions drawn up on the basis of empirically well-demonstrated models (see Simeon 1987). Indeed so embarrassingly one-sided was the academic advice flowing to the Commissioners, that two “reluctant nationalist” political scientists had to be conscripted to draft some counter-arguments to free trade, though not so forcefully as to knock it off course. These were incorporated into the Commission’s report as a sort of “manufactured dissent.” Interestingly, virtually no nationalists or dissentient social scientists were among the 300 researchers hired. Thus, the potential wealth of ideas in this segment of the Commission was compromised.

Strikingly, most of the output of research was largely ignored by the Commissioners partly due to its sheer volume, but also to a certain anti-intellectualism among many of Commissioners. This was the case except in one vital area - free trade. Here, the domination of mainstream economics within the research dovetailed with the predilections of Macdonald and the policy group, tilting the findings of the Commission in the direction of neoconservative continentalism.

The Macdonald Commission contributed to policy and process learning regarding the utilization of knowledge or expertise in the field. It revealed through the internal politics of the Commission how social science research utilization can be skewed in favour of a pre-determined position; this occurred through the process of domination by economists whose continentalist neoconservative policy prescriptions appeared more policy-relevant than others (particularly the political scientists), and through selective use of social science research by the Commission staff.

V. Relations

The key formal and informal relations/relationships of importance in the Macdonald Commission involved the set of actors who established the Commission, and the key actors who participated in it. It is interesting to note that the architects of the Commission were long-time senior operatives in the Trudeau government. They included clerk of the Privy Council Michael Pitfield, deputy clerk Michael Kirby, secretary to the Cabinet Committee on Priorities and Planning Robert Rabinovitch, senior economic advisor to the prime minister Ian Stewart, PCO functionary Alan Nymark and Liberal Party insider Gerry Godsoe. None of these would be considered anything other than a traditional Keynesian liberal. And when they drafted the terms of reference and mandate for the Commission, they did not even include free trade with the United States as a potential topic of inquiry. No one would have expected that this group with its long history of close collaboration, trust ties, personal relationships and professional dirigiste history would give rise to an inquiry that would end up where Macdonald ended up. To say this group was close-knit is no exaggeration.

Not even Trudeau's cabinet knew of their plans to launch the Commission, a fact attested to with some bitterness by Trudeau lieutenants Donald Johnston and Marc Lalonde (Johnston 1986, 71-3) .

Once the Commission was up and running, relationships with the inquiry began to take shape. A mix of seconded public servants, academics, journalists and private sector actors made for interesting dynamics. Jockeying for position resulted in the ascendance of some, the banishment of others. The academics were somewhat dismissive of the officials responsible for the public consultations. The journalists and the public servants did not always get along well. And the public servants and academics revealed their cultural differences by the "uniforms" each group displayed - formal business suits for the former, casual dress for the latter. Rivalries were a very real part of the dynamic.

But perhaps the key relationship was the one carved out by Macdonald as chair. Although he had to contend with 12 other Commissioners, as well as a substantial staff, he managed to take command of the inquiry in league with a small number of like-minded individuals who supported his initiatives and perspectives. Internal struggles resulted in the emergence of a small oligarchy which worked closely with Macdonald and which "held the pen" for the drafting of the final Report. Macdonald's conversion to neoconservative continentalist was vital to the outcome. Once converted, he famously pre-empted the Commission's findings by advocating a "leap of faith" into free trade in November, 1984 well before all the evidence had been heard. Meanwhile most other Commissioners remained relatively insignificant actors.

The Macdonald Commission was an institution extraordinarily well endowed with resources (money and personnel), and it carried the imprimatur of a legislatively-sanctioned body empowered to draft a blueprint for the long-term future for Canadian development. This meant the Commission enjoyed the legal/political authority to translate ideas into recommendations which the government could then turn into action. But transformative change generally requires a champion or champions in leadership positions who can influence the direction of change and make viable ideas which otherwise remain marginalized. Macdonald's leadership of the Commission, supported by senior bureaucrats in the "policy group," facilitated change, even implanting new lexicon into political discourse in the process: the "leap of faith."

Importantly, this inquiry also resulted in post-commission re-alignments in the predominant relationships within the Canadian political economy. The Commission legitimized a continentalist neoconservative view increasingly embraced by the business class in Canada which emerged as influential in influencing the Mulroney government's policy choices in economic development, social policy, and other areas, as noted above. The business class in Canada experienced a period of ascension in the pantheon of interests attempting to influence policy. The BCNI (now called the Canadian Council of Chief

Executives) in particular forged a vital relationship with government ministers and senior bureaucrats and influenced everything from employment insurance policy to the Competition Act, to further economic integration initiatives, to the single-minded focus on debts and deficits. Organized labour, on the other hand, experienced an eclipse in its influence domestically, and sought continental partners to influence the course of events in the political economy.

VI. Conclusion

Was there any policy change as a result of the Macdonald Commission? Causation is a tricky concept in public policy. To say a commission of inquiry "caused" a policy to happen is in many cases a stretch. Too many intervening variables might also be cited as responsible. And in any event, commissions of inquiry have no legal basis for compelling action by governments.

However, in assessing the role of the Macdonald Commission, the evidence seems persuasive that it directly influenced the federal government to embark on an odyssey which resulted in the FTA and NAFTA. According to David Good, an experienced deputy minister recalled a meeting between Mulroney and Simon Riesman at which the decision to proceed with free trade was reached. The official reported:

I remember free trade. Mulroney was against it. Big business said they hated it. Macdonald's royal commission recommended we do it, but as they said, it was a "leap of faith." Simon Riesman and I went to visit the Prime Minister and Simon took him through the arguments for free trade, describing all the advantages. The PM said, "Simon, you are losing me," and got up from his boardroom and went into this office and came back with a copy of the royal commission report. He put it down on the table and said, "You see this. It is supported by Macdonald, a Liberal, and it is opposed by Turner, the Liberal Leader of the Opposition. We're going to do it (cited in Good, 2007, 97; see also Doern and Tomlin 1991).

In addressing the question of whether there was any significant change in policy which might be attributed to the Macdonald Commission, the answer is yes. The Commission served as the site of a struggle between advocates of a crumbling nationalist mode of politics and proponents of a more continentalist economic regime. Of course, the exact nature of the free trade agreements signed by the Canadian government differed from those recommended by the Macdonald Commission. As Daniel Treffer put it:

Careful what you wish for. The Macdonald Commission wanted a Free Trade Agreement with the United States and ended up with an accord that included Mexico. The Commission also wanted a set of rules for dispute-settlement and institutions for enforcing those rules that would have insulated Canada from the vagaries of U.S. trade sanctions. Instead, we

got rules that both went too far (the expropriation clause) and that did not go far enough (softwood lumber) (Trefler 2005, 111).

Overall, "In areas other than trade policy, the Commission's subsequent influence was both less direct and less immediately visible, sometimes because no attempts were made to implement its recommendations, and sometimes because those recommendations were somewhat sketchy" (Laidler 2005, 176-7). Even the contribution of the Macdonald Commission to reshaping the ideational landscape was not one-dimensional. Although it emphasized and argued strongly in favour of free markets and a less dirigiste approach overall, Cairns notes that "In a seeming paradox, the Commission favoured both a strengthened federal government and a market less subject to state direction" (Cairns 2005, 135).

One manner of assessing the question of policy change is to ask - would free trade have occurred in the absence of the Macdonald Commission? Answering this provocative question takes us into a realm of speculation. But I would conclude - perhaps bucking conventional wisdom - that the answer is no -at least not in the form it eventually took. I would argue that the specific requisites that contributed to the Commission's free trade recommendation, the government's immediate adoption of it, and the resulting transformative moment in public policy were the result of a particular confluence of ideas, institutions, actors and relations. Specifically, consider the following:

First, a significant measure of social and economic disruption in the late 1970s and early 1980s revealed the inadequacy of existing policy. This created the conditions for ideational challenges to the role of governments and major ideas supporting their policies. The prevailing hegemonic set of social democratic nationalist ideas rooted in Keynesianism were unable to defeat competing meaning systems which were emerging. This was because contradictions were intensifying, and the previously hegemonic ideas were no longer able to account for prevailing conditions or emerging crises. Consequently, social actors began adopting competing meaning systems because they made better sense of the new situation (see Jenson 1989). As Peter Hall suggests, "it generally takes a theory to kill a theory..." (Hall 1989, 15). Changes in material conditions in Canada (the ongoing crises in capitalism since the 1970s, and particularly the depression of 1981-1982), raised serious doubts about the Keynesian formula. But how did a new set of ideas arise to replace it?

The transformative moments arising out of ideological struggle represented in the Macdonald Commission is explainable by assessing certain other factors, or requisites (Inwood 2005; see also Bradford 1998; Hall 1989) . First, there was **political viability** in the recommendation for free trade. This implies that there was the support of significant actors who can help deliver electoral success to the policy's political supporters. Secondly, there was **economic viability** which refers to the ability to address serious economic problems better than existing policies, often with the imprimatur of the research community. Third, there was

political and bureaucratic leadership which refers to the legal and political authority of state officials and their resulting institutional capacity to sway decision-makers to accept their preferred course of action.³

The struggle to attain political viability can be seen through the public consultations - generally the hallmark of the public inquiry process - which help delineate legitimate identities and ideas. Here, discussion of political and economic issues and problems takes place. Terms like "reduce the deficit," "free trade," and "less government" took on popular meaning only after political struggle and after the once hegemonic Keynesianism had been challenged by the world views propounded by neo-classical economics and elsewhere (Jenson 1987; Clarkson 1978). At a given point, one set of definitions is privileged or favoured over others. Thus a dominant discourse is established that typically favours the interests of particular actors and allows institutions that support the status quo to articulate the dominant discourse. Those who seek to achieve significant reform or radical change are forced to challenge the dominant discourse and attempt to gain legitimacy for an alternative discourse. Success in these endeavours requires that actors "go to bat" for the proposed change.

It is generally assumed that some measure of broad-based popular acceptance of a policy proposal is necessary for adoption, but this is not always the case. Not all collective identities can gain attention because actors are not equally powerful. *Who* says something is sometimes more important than *how many*. Thus, analysis of the Commission reveals that certain business groups lent political viability to the idea of free trade (the BCNI, CMA, and Chambers of Commerce). This later translated into electoral support for the Mulroney Conservatives when the business community spent unprecedented amounts of money organizing a powerful coalition in favour of free trade (co-chaired, interestingly, by Macdonald) during the 1988 election. Political viability, then, was not dependent on widespread popular support for the policy. But it needed the acquiescence of important societal actors as a requisite for policy change. As Gourevitch notes, policies must mobilize coalitions of actors upon whose support, electoral and financial, elected politicians depend (Gourevitch 1984).

Ideological struggle leading to transformative change requiring economic viability was reflected in the research program of the Macdonald Commission. Here competing visions were offered in guise of "learned" academic discourse. While social science knowledge utilization is presented ostensibly as disinterested, neutral, and scientific in the context of public inquiries, it is actually often biased, devoted to agenda-promotion, and profoundly ideological in nature. This is revealed in the manner in which knowledge utilization is employed to buttress (or attack) a dominant discourse. This aspect of the transformative moment is enhanced if new ideas (like monetarism) energize intellectual movements to challenge the theoretical premises of existing dominant models (like Keynesianism). The role of the professional research community is significant, as is the receptivity of state administrative personnel. A new paradigm can gain

considerable credence under these conditions. The Commission research program privileged economists, and allowed their ideas to dominate. It then became possible to argue that any critics of the newly-dominant discourse of the economists were outside the bounds of reasoned and accepted debate. Proponents of free trade could dismiss the objections of those concerned about the possible political and cultural consequences of economic integration by arguing that economics cannot quantify or empirically measure such objections, therefore they have no validity. Or, opponents of the dominant discourse could be dismissed as little more than self-interested whiners, radicals or crackpots. Thus the ideology of the dominant discourse is persuasively imposed, but not by virtue of its strength of argument. In the broader struggle for the turf of social science dominance, neo-classical economics emerged triumphant not only in university economics departments, but also in the halls of government and journalism. These developments were clearly reflected in the mirror of the Macdonald Commission, where a battle of the paradigms between different collective identities took place to interpret and reshape the face of the Canadian political economy.

Finally, political and bureaucratic leadership was supplied by Macdonald and the policy group. With the legal and political authority bestowed upon them by the Inquiries Act to conduct their inquiry, they used the institutional capacity to sway decision-makers to accept their preferred course of action. Macdonald's strong leadership then powerfully combined with Mulroney's need for a political-economic agenda with which to defeat the Liberals.

But if these requisites had not been in place, conceivably free trade would not have unfolded as it did. Certainly a global movement toward free markets was an important part of the landscape in the years after the Commission had done its work. But prior to that it was nowhere to be found on the agenda of Canadian governments. Mulroney had disavowed free trade as an option when he ran for leadership of the Conservative party. The business community was divided, while labour and the popular sector were opposed. The bureaucracy was unconvinced. And although not expressly considered in the context of this study, the American Congress was in a decidedly protectionist mood and uninterested in negotiating free trade agreements in any event.

The conventional wisdom about commissions of inquiry is often that they are instruments for policy avoidance rather than policy action. Yet there are exceptions, of which the 1985 Royal Commission on the Economic Union and Canada's Development Prospects is an example for two main reasons. First, it *did* have a significant impact upon public policy – its main recommendation for free trade was immediately adopted and implemented by the Mulroney government. Second, it was quite radical as its signature recommendation called for reversal of over 100 years of Canadian economic development strategies. Instead of suggesting Canada proceed cautiously with gradual elimination of tariffs through multilateral agreements, or even through the quicker but still cautious road of sectoral free

trade, the Macdonald Commission recommended a sharp right turn onto the highway of comprehensive free trade with the U.S.

Thus, occasionally, broad-based programmatic royal commissions have profoundly influenced the political economy and set new parameters for the policy agenda for generations of Canadians. An examination of the requisites for transformative change and the mode of ideological struggle helps us to make sense of the radical transformation in Canada from the pro-state, interventionist, Keynesian position of most of the post-war years, to the anti-state, pro-free market deregulationist, neo-classical liberal economics position of the Mulroney years, the climax and consolidation of which was the Free Trade Agreement (FTA) and, ultimately, the "continentalization" of Canada.

A final question remains, however. Are the lessons of the Macdonald Commission applicable to analyses of other public inquiries and policy change, or was the combination of requisites and historical circumstances unique? Further research featuring comparative analyses of other inquiries will help answer this question.

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¹ Portions of this paper are based on Gregory J. Inwood. 2005. *Continentalizing Canada: The Politics and Legacy of the Macdonald Royal Commission*. Toronto: University of Toronto Press.

² This general conclusion is drawn by several contributors to a 20-year retrospective on the impact of the Macdonald Commission. See David E.W. Laidler and William B.P. Robson, eds. 2005. *Prospects for Canada: Progress and Challenges 20 Years After the Macdonald Commission*. Toronto: C.D. Howe Institute.

³ In assessing a different kind of inquiry - special-purpose advisory commissions - Clark and Trick argue that successful policy change is dependent upon three variables: "...*environmental* variables (such as the economy, fiscal situation and political cycles), *process* variables (such as reporting relationships, characteristics of the commissioners and stakeholder strategies) and the *political acuity* with which the commission develops recommendations that can command broad public support." Ian D. Clark and David Trick. 2007. "Advising for Impact: Lessons From the Rae Review on the Use of Special-Purpose Advisory Commissions," *Canadian Public Administration* 49, 2 (Summer), 181-2.