

POLITICAL INFLUENCE ON THE FUNDING OF  
MUNICIPAL CAPITAL WORKS IN NEWFOUNDLAND  
1973 TO 1988

CENTRE FOR NEWFOUNDLAND STUDIES

---

**TOTAL OF 10 PAGES ONLY  
MAY BE XEROXED**

(Without Author's Permission)

PETER FENWICK





National Library  
of Canada

Acquisitions and  
Bibliographic Services Branch

395 Wellington Street  
Ottawa, Ontario  
K1A 0N4

Bibliothèque nationale  
du Canada

Direction des acquisitions et  
des services bibliographiques

395, rue Wellington  
Ottawa (Ontario)  
K1A 0N4

*Your file* *Votre référence*

*Our file* *Notre référence*

## NOTICE

The quality of this microform is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

If pages are missing, contact the university which granted the degree.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us an inferior photocopy.

Reproduction in full or in part of this microform is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30, and subsequent amendments.

## AVIS

La qualité de cette microforme dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de qualité inférieure.

La reproduction, même partielle, de cette microforme est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30, et ses amendements subséquents.



National Library  
of Canada

Acquisitions and  
Bibliographic Services Branch

395 Wellington Street  
Ottawa, Ontario  
K1A 0N4

Bibliothèque nationale  
du Canada

Direction des acquisitions et  
des services bibliographiques

395, rue Wellington  
Ottawa (Ontario)  
K1A 0N4

*Your file    Votre référence*

*Our file    Notre référence*

THE AUTHOR HAS GRANTED AN  
IRREVOCABLE NON-EXCLUSIVE  
LICENCE ALLOWING THE NATIONAL  
LIBRARY OF CANADA TO  
REPRODUCE, LOAN, DISTRIBUTE OR  
SELL COPIES OF HIS/HER THESIS BY  
ANY MEANS AND IN ANY FORM OR  
FORMAT, MAKING THIS THESIS  
AVAILABLE TO INTERESTED  
PERSONS.

L'AUTEUR A ACCORDE UNE LICENCE  
IRREVOCABLE ET NON EXCLUSIVE  
PERMETTANT A LA BIBLIOTHEQUE  
NATIONALE DU CANADA DE  
REPRODUIRE, PRETER, DISTRIBUER  
OU VENDRE DES COPIES DE SA  
THESE DE QUELQUE MANIERE ET  
SOUS QUELQUE FORME QUE CE SOIT  
POUR METTRE DES EXEMPLAIRES DE  
CETTE THESE A LA DISPOSITION DES  
PERSONNE INTERESSEES.

THE AUTHOR RETAINS OWNERSHIP  
OF THE COPYRIGHT IN HIS/HER  
THESIS. NEITHER THE THESIS NOR  
SUBSTANTIAL EXTRACTS FROM IT  
MAY BE PRINTED OR OTHERWISE  
REPRODUCED WITHOUT HIS/HER  
PERMISSION.

L'AUTEUR CONSERVE LA PROPRIETE  
DU DROIT D'AUTEUR QUI PROTEGE  
SA THESE. NI LA THESE NI DES  
EXTRAITS SUBSTANTIELS DE CELLE-  
CI NE DOIVENT ETRE IMPRIMES OU  
AUTREMENT REPRODUITS SANS SON  
AUTORISATION.

ISBN 0-612-06119-1

Canada

**POLITICAL INFLUENCE ON THE FUNDING OF MUNICIPAL  
CAPITAL WORKS IN NEWFOUNDLAND 1973 TO 1988**

**BY**

**©PETER FENWICK**

**A Thesis submitted to the School of Graduate  
Studies in partial fulfilment of the  
requirements for the degree of  
Master of Arts**

**Department of Political Science  
Memorial University of Newfoundland  
1994**

**St. John's**

**Newfoundland**



# Memorial

University of Newfoundland

This is to authorize the Dean of Graduate Studies to deposit two copies of my thesis/report entitled

POLITICAL INFLUENCE ON FUNDING OF MUNICIPAL  
CAPITAL WORKS IN NEWFOUNDLAND 1973 - 1988

in the University Library, on the following conditions. I understand that I may choose only ONE of the Options here listed, and may not afterwards apply for any additional restriction. I further understand that the University will not grant any restriction on the publication of thesis/report abstracts.

(After reading the explanatory notes at the foot of this form, delete TWO of (a), (b) and (c), whichever are inapplicable.)

The conditions of deposit are:

(a) that two copies are to be made available to users at the discretion of their custodians,

OR

(b) that access to, and quotation from, ~~this thesis/report is to be granted only with my written permission for a period of one year from the date on which the thesis/report, after the approval of the award of a degree, is entrusted to the care of the University, namely, 19~~ after which time the two copies are to be made available to users at the discretion of their custodians,

OR

(c) that access to, and quotation from, ~~this thesis/report is to be granted only with my written permission for a period of years from the date on which the thesis/report, after approval for the award of a degree, is entrusted to the care of the University; namely, 19~~ after which time two copies are to be made available to users at the discretion of their custodians.

Date

December 1/94  
[Signature]

Dean of Graduate Studies

Signed

[Signature]

Witnessed by

[Signature]

## NOTES

1. Restriction (b) will be granted on application, without reason given.

However, applications for restriction (c) must be accompanied with a detailed explanation, indicating why the restriction is thought to be necessary and justifying the length of time requested. Restrictions required on the grounds that the thesis is being prepared for publication, or that patents are awaited, will not be permitted to exceed three years.

Restriction (c) can be permitted only by a Committee entrusted by the university with the task of examining such applications, and will be granted only in exceptional circumstances.

2. Thesis writers are reminded that, if they have been engaged in contractual research, they may have already agreed to restrict access to their thesis until the terms of the contract have been fulfilled.

## **ABSTRACT**

Information drawn from the Legislation guaranteeing municipal capital loans in the Province of Newfoundland passed between 1949 and 1988 is used to demonstrate a pronounced bias on the part of the Government to fund two to three times the dollar value of capital works in districts represented by the governing party as opposed to those represented by Opposition party members. The study concentrates on the 17 year period of Progressive Conservative rule from 1972 to 1989.

The average amount guaranteed by district is calculated for each year and an index of bias is formulated using the ratio of average loan guarantees in Government districts compared to the Opposition districts. A further analysis is performed on individual districts that changed representation during the study period. In general districts that passed from Government representation to the Opposition received fewer loan guarantees, and districts that switched to the Government side received increased loan guarantees.

The author argues in conclusion that this persistent bias has perpetuated the long-standing reputation of Newfoundland politics as a system in which "the victor may claim the spoils."

## **ACKNOWLEDGEMENTS**

This thesis was a long time coming. What was originally supposed to be a one year sabbatical in 1983-84 was interrupted by first, a federal election campaign in the summer of 1984, then a successful by-election in Menihek in the fall of 1984, followed by my re-election in April of 1985. It wasn't until I returned to teaching in the spring of 1989 that I was able to resume the work that my political career had interrupted.

To the faculty of the Political Science Department at Memorial University of Newfoundland who put up with these goings on, I owe my deepest gratitude. To the electors of Menihek whose confidence in me led to five years in the House of Assembly, I extend my thanks. To the civil servants and politicians who spoke candidly to me about the way in which the municipal capital works program was executed, my grateful appreciation.

And finally enormous thanks to Mark Graesser, my advisor who went well beyond the call of duty in helping to mould my thoughts into what I hope is a coherent whole. In addition to putting up with my rushed prose, he had to systematically edit out the "bon mots" that my newspaper puts up with, but would not pass muster in an academic work. What coherence there is in the paper is his, the rest I claim.



## TABLE OF CONTENTS

<b>ABSTRACT</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iii</b>
<b>TABLE OF CONTENTS</b> .....	<b>iv</b>
<b>LIST OF TABLES</b> .....	<b>viii</b>
<b>FIGURES</b> .....	<b>ix</b>
<b>PREFACE</b> .....	<b>xi</b>
<b>1. INTRODUCTION</b> .....	<b>1</b>
<b>A. The Research Question: What is the Influence of Partisanship on</b> <b>Capital Funding for Municipalities?</b> .....	<b>1</b>
<b>B. Specifying the Question</b> .....	<b>5</b>
<b>C. Review of Newfoundland Studies</b> .....	<b>7</b>
<b>D. Review of Other Studies on the Same Question</b> .....	<b>12</b>
<b>E. Methodology</b> .....	<b>17</b>

F. Description of The Data Collection Method . . . . .	22
G. Description of the Interview Methods Employed . . . . .	27
 2. CAPITAL WORKS FUNDING - HISTORICAL OVERVIEW . . . . .	29
A. Historical Attitudes to Taxation and Local Government . . . . .	29
B. The Smallwood Government's Approach . . . . .	32
C. Overall Funding From 1972 to 1988 . . . . .	35
 3. THE MOORES ADMINISTRATIONS . . . . .	39
A. The First Moores Administration: 1972-1975 . . . . .	39
B. The Second Moores Administration: 1975-1979 . . . . .	42
 4. THE PECKFORD ADMINISTRATIONS . . . . .	45
A. The First Peckford Administration: 1979-1982 . . . . .	45
B. The Second Peckford Administration: 1982-1985 . . . . .	50
C. The Third Peckford Administration: 1985-1989 . . . . .	53
 5. VARIATIONS IN THE DISTRICTS . . . . .	56
A. Rural Swing Districts . . . . .	61
1. Terra Nova . . . . .	61
2. Baie Verte - White Bay . . . . .	64

3. Twillingate . . . . .	65
4. Bonavista North . . . . .	65
5. Lewisporte . . . . .	67
6. Port au Port . . . . .	69
7. St. Barbe . . . . .	70
B. Urban Swing Districts . . . . .	70
1. Carbonear . . . . .	72
2. Gander . . . . .	73
3. Menihek . . . . .	75
C. Government Districts . . . . .	75
1. Green Bay . . . . .	76
2. Harbour Grace . . . . .	78
3. Humber Valley . . . . .	78
D. Opposition Districts . . . . .	80
1. Fogo . . . . .	80
2. Eagle River . . . . .	80
3. Strait of Belle Isle . . . . .	82
4. Bellevue . . . . .	82
E - Summary of District Analysis . . . . .	84
 6. ACCOUNTING FOR THE VARIATIONS . . . . .	 87

A. The Greatest Need . . . . .	88
B. Bureaucratic Influence . . . . .	91
C. Private Members' Influence . . . . .	92
D. Cabinet Influence . . . . .	95
E. Minister of Municipal Affairs Influence . . . . .	97
F. The Premier's Influence . . . . .	99
 7. CONCLUSION . . . . .	 103
A. Summary of Findings . . . . .	103
B. Concluding Observations . . . . .	104
C. Recommendations for Further Study . . . . .	107
 REFERENCE LIST . . . . .	 109
 Appendix A - List of Informants . . . . .	 114
Appendix B -- Administrations . . . . .	115
Appendix C - Ministers of Municipal Affairs . . . . .	116
Appendix D -- Districts listed by Political Representation . . . . .	117
Appendix E - Map of Newfoundland Electoral Districts 1979 . . . . .	119
Appendix F - Results of General Elections, 1949-1989 . . . . .	120

## **LIST OF TABLES**

<b>Table 1.1 - Description of Fields in Database . . . . .</b>	<b>25</b>
<b>Table 1.2 - Description of the Time Periods</b>	
<b>Actually Covered in Each Year Represented . . . . .</b>	<b>26</b>
<b>Table 5.1 - Districts Selected for Further Study . . . . .</b>	<b>57</b>
<b>Table 5.2 - Average funding for selected districts by representation . . . . .</b>	<b>58</b>
<b>Table 5.3 - Total funding by district, 1949 To 1988 . . . . .</b>	<b>59</b>
<b>Table 6.1 - Cost to Complete . . . . .</b>	<b>90</b>

## LIST of FIGURES

<b>Figure 2.1 - Capital Works Spending 1949 to 1988 . . . . .</b>	<b>36</b>
<b>Figure 3.1 - Spending in the Moores Administrations . . . . .</b>	<b>40</b>
<b>Figure 4.1 - Spending During The Peckford Administrations . . . . .</b>	<b>46</b>
<b>Figure 4.2 - Funding in Cabinet Ministers' Districts . . . . .</b>	<b>49</b>
<b>Figure 5.1 - Terra Nova . . . . .</b>	<b>63</b>
<b>Figure 5.2 - Baie Verte-White Bay . . . . .</b>	<b>63</b>
<b>Figure 5.3 - Twillingate . . . . .</b>	<b>66</b>
<b>Figure 5.4 - Bonavista North . . . . .</b>	<b>66</b>
<b>Figure 5.5 - Lewisporte . . . . .</b>	<b>68</b>
<b>Figure 5.6 - Port au Port . . . . .</b>	<b>68</b>
<b>Figure 5.7 - St. Barbe . . . . .</b>	<b>71</b>
<b>Figure 5.8 - Carbonear . . . . .</b>	<b>71</b>
<b>Figure 5.9 - Gander . . . . .</b>	<b>74</b>
<b>Figure 5.10 - Menihek . . . . .</b>	<b>74</b>
<b>Figure 5.11 - Green Bay . . . . .</b>	<b>77</b>
<b>Figure 5.12 - Harbour Grace . . . . .</b>	<b>77</b>
<b>Figure 5.13 - Humber Valley . . . . .</b>	<b>79</b>
<b>Figure 5.14 - Fogo . . . . .</b>	<b>79</b>
<b>Figure 5.15 - Eagle River . . . . .</b>	<b>81</b>
<b>Figure 5.16 - Strait of Belle Isle . . . . .</b>	<b>81</b>

<b>Figure 5.17 - Bellevue . . . . .</b>	<b>83</b>
<b>Figure 6.1 - Allocation by Minister of Municipal Affairs . . . . .</b>	<b>100</b>
<b>Figure 6.2 - Corner Brook Funding . . . . .</b>	<b>102</b>
<b>Figure 6.3 - Green Bay Funding . . . . .</b>	<b>102</b>

## **PREFACE**

The author of the study has a bias that the readers of this thesis should be made aware of. From late 1981 to March of 1989 he was the provincial leader of the New Democratic Party. As well he sat on the Opposition side of the House of Assembly as the member for the Labrador district of Menihek from November 1984 to March 1989. In his capacity as an Opposition member he had the opportunity to examine the capital works loan guarantees at close hand. It was then that he began to suspect that there may be some bias in the way the loans were guaranteed. After retiring from active politics just before the 1989 provincial general election he started a systematic examination of the record to see if some objective evidence could be found to either corroborate or refute the subjective impression gained on the Opposition benches. Initially it was thought that all public spending could be profitably examined for evidence of bias. This would have included spending on highway construction, allocation of recreation grants, spending on public buildings as well as the municipal capital loan guarantee program. It quickly became obvious that it would be difficult, if not impossible, to find evidence for most of the programs, since there was no convenient source of data for most of these programs. As well it was hard to compare expenditure on such things as Government public buildings when the regional centres received the lion's share of the spending since they were where the Government offices were. Similarly spending on highways was skewed by the existence of long stretches of the Trans-Canada Highway that existed in some districts and were absent completely in other districts.



For the most part that problem did not hamper the examination of the municipal capital works program. There was a large body of statistical information chronicling the expenditure on the program going back to Confederation. This was to be found in the Loan Guarantee Act that was passed annually through the House of Assembly. As well, since Newfoundland is still a largely rural province and had in 1972 very few municipalities with water and sewerage, there was a possibility that the comparisons were between "oranges" and "oranges," and not between "oranges" and "apples". Further helping the analysis were the existence of areas of the province that could be used as controls, because they switched back and forth between the Government and Opposition side during the study period.

## **1. INTRODUCTION**

### **A. The Research Question: What is the Influence of Partisanship on Capital Funding for Municipalities?**

It has been common in Newfoundland politics to hear a Member of the House of Assembly (MHA) lauded because he was able to "deliver the goods" to his district. It mattered little whether those goods were a road, a breakwater, a post office building or a water and sewer system. Not only was partisan bias in "delivering the goods" to the electorate tolerated, it seemed to be applauded. Clearly no district would elect a member to the House of Assembly if he could not "deliver the goods."

This personal style of politics was endemic in Newfoundland up until the 1930s. In his famous report Lord Amulree<sup>1</sup> described an intense competition for political spoils that helped bankrupt the country. The great depression and a collapse of fish prices led to a fiscal crisis of monumental proportions that only abated when Britain took over the Newfoundland debt and the country gave up responsible government in 1934 to become a colony again. Amulree recommended giving the people a break from partisan politics. He further recommended that municipalities be established as nurseries for a new breed of politician. During the fifteen year break from politics few municipalities were established, however.

---

<sup>1</sup> Lord Amulree was the chairman of the Newfoundland Royal Commission in which he and two commissioners from Canada examined the precarious state of the Newfoundland economy and its politics in 1933, (Report of the Newfoundland Royal Commission 1933)

In 1949 the colony became a province of Canada and the representative organs of government were fitfully restarted. Smallwood, who had championed the cause of Confederation, became the first premier of the province of Newfoundland and held virtually unchallenged sway until the early seventies. It was clear that he perceived no conflict in furthering the interests of his party by using the public purse. He almost went to court in 1949 for being a little too blatant while out on the campaign trail.

...My candidate here is Mr. Greg Power, a friend of mine and I want you to vote for him. His opponent is Billy Browne... if you people vote for him, I'll not spend one cent of money in this harbour.... Remember I'm sitting on the public chest and not one red cent will come out of it unless I give the green light.... If you vote for my man, I'll spend the money here; but if you vote for Billy Browne, not one red cent will be spent here (Browne 1981, 385).

That style of politics was clearly successful. Smallwood remained premier for almost twenty-three years, most often sweeping the province, leaving only a few scattered Opposition members in the Progressive Conservative (PC) strongholds of St. John's. In 1972, however, Smallwood eventually resigned after the 1971 election ended in a dead heat. In the spring of 1972 the PC Party under Frank Moores won a convincing victory with a majority government.

With the defeat of Smallwood came the promise of a new era in provincial politics. Frank Moores and Brian Peckford held sway as premiers over the next seventeen years. Clearly here was the chance to de-personalize the politics of the province. Instead of using the public purse to hold on to power, decisions could now be

made that were objectively correct and that led to the greatest good for the greatest number.

The question that this thesis attempts to answer is whether or not the Moores and Peckford administrations that held power from early 1972 to 1989 were able to avoid the partisan bias that had been a feature of Newfoundland politics for 140 years.

There were allegations from the Opposition side of the House of Assembly in the PC years that patronage still flowed like water. All expenditure of public funds was examined by the Opposition for evidence of bias. Youth make-work projects, highroads construction, the location of vocational schools, the location of hospitals and so on, were all alleged to be established and maintained in such a way that they benefited the Government members of the House to the detriment of the Opposition members. But no program more consistently drew the ire of the Opposition than the allocation of capital funding to municipalities for water, sewerage and road projects.

Since the water, sewerage and roads projects were so often the subject of controversy, this thesis will examine the spending on these projects over a seventeen year period to see if there was any systematic bias in the allocation of funds. Data for the twenty-four years prior to the Moores/Peckford regimes is also presented. However the inchoate state of municipal government during those years makes drawing conclusions difficult. It was not until the late 1960s and early 1970s that most populated areas of the province were incorporated into municipalities, a prerequisite to assuming the debt required to establish expensive municipal services.

Capital works funding for municipalities might seem to be an unusual program to examine for evidence of bias on the part of provincial politicians were it not for two unusual features of the way municipal capital works were funded in Newfoundland. The first is the Municipal Financing Corporation that was established in the late 1960s. The members of this board were appointed by the provincial cabinet. Rather than have individual municipalities attempt to float their own bond issues, the province created a central authority to market provincial bonds for Municipal infrastructure with the full backing of the province. Naturally if the province was to back them it also wanted to have veto power over which municipalities received the guaranteed loans. As a result, decisions which might be made solely by municipalities in other provinces were in fact made by the provincial cabinet.

The second anomaly was the way in which the loans were repaid. Up until the late 1970s most small municipalities had imposed no property tax, raised little revenue and were unable to pay anything other than a token amount on the large loans they took out to build their water systems. When they were unable to meet their obligations the province stepped in and discharged the debts for them (Winters 1991).

For the small municipalities this was a gold mine. Here they could have their water system constructed and keep their taxes low as well. The policy resulted in a flood of requests for capital works loan guarantees that peaked in 1972 in real terms and only declined (again in real terms) in the 1980s when more and more of the debt had to be carried by the individual municipality.

The ultimate decision on the allocation of municipal capital funding was made by the provincial cabinet, and for many municipalities this was less a loan than an outright gift. Clearly the politicians who could dispense this largesse would have a grateful electorate.

This thesis will argue that the municipal capital works program was used in a systematic partisan manner that placed more importance on the political allegiance of the member than the needs of the community. Although the efficacy of this bias is difficult to gauge in strict electoral terms, this thesis will argue that the systematic bias in the system helped poison the political atmosphere and perpetuate the MHA as broker to the detriment of the perceived fairness of the political system.

### **B. Specifying the Question**

This study attempts to analyze partisan bias in the allocation of scarce goods (in this case municipal capital works) among the communities and districts of the province of Newfoundland. Although it is tempting to label this practice as corrupt, this paper is not an examination of political corruption. *A Dictionary of Social Sciences* defines "corruption in public life [as] the use of public power for private profit, preferment or prestige, or for the benefit of a group or class, in a way that constitutes a breach of law or of standards of high moral conduct" (Gold 1964, 142). There is no allegation in this study that any law was broken, and unless the residents of the Government districts can be called a group or class, no allegation that any one group benefited unlawfully. Having said that, however, it is possible to argue that the systematic practice depicted

here does constitute a "breach of standards of high moral conduct." Part of the problem, however, is that the community standards of the day seem not to have looked on the practice as anything other than the standard operating procedure.

It is also difficult to label the practices of the PC Government as "patronage."

The same dictionary of social science defines patronage as

the right vested in a person, official, or political party to appoint persons to offices and positions, to award contracts, and to dispose of emoluments and other favours. The person or organization holding the right to appoint or bestow favours is not exclusively moved by considerations of the merits or competence of the appointee (Gold 1964, 486).

This thesis argues that partisan politics was one of the most important reasons for the allocation of municipal capital works funding, but not that there was a one to one relationship between the patron and the client that typifies a patronage relationship.

Instead, what is being examined is the impartiality of the allocation of scarce goods among the populace. The Newfoundland Department of Municipal Affairs has estimated that even though \$500 million has been spent since Confederation on water, sewer and municipal roads systems, an additional billion dollars will be needed to complete the systems already planned and under way (Department of Municipal Affairs 1989). The civil servants responsible for submitting lists of proposals to the Government used a combination of public safety, need and cost efficiency in their assessments (Haynes 1991). However, after the Minister of Municipal Affairs and the cabinet finished with the lists, partisan bias had altered priorities. This thesis attempts to assess how much partisan bias was present.

### C. Review of Newfoundland Studies

There have been a number of works that deal with Newfoundland politics and the political culture, but most have relied primarily on anecdotal evidence, and few shed much light on the political influence that comes to bear on the essential political question of "who gets what, when where and why?" One work that dealt with the political situation in the first half of the twentieth century was S. J. R. Noel's *Politics in Newfoundland*. Noel gave an overarching view of politics, but that did not advance beyond anecdote in describing the politics of the province. Noel does blame the deep financial problems of Newfoundland that led to Commission of Government on the excess spending, partially on the First World War, and partially on the branch lines policy of Edward Morris's Government (1908-1919)<sup>2</sup>. Although popular with the people, the branch line expansion pumped funds into a failing private railway, that nevertheless failed in 1922 and was taken over by the Government. Other works include the caustic *Dawn Without Light* of Herbert Pottle that portrayed Smallwood as the man who missed the chance to reform Newfoundland politics at the time of Confederation in 1949. As Pottle said of Smallwood's public spending on social services:

It was commended much more in the partisan terms of "See what we have done for you," rather than in the more responsible fashion of "See what Canadians are doing for one another." Publicized in this way, public welfare increasingly became patronage on a massive scale,...(Pottle 1979, 15).

---

<sup>2</sup>Edward Morris succeeded Sir Robert Bond as Prime Minister in 1908 and continued on as Prime Minister during the First World War. He was elected with the support of the Reid Railway interests and was made Lord Morris for Newfoundland's contribution to the war effort. (Rowe 1980, 350)



The most comprehensive work that has been published is the *Report* of the Amulree Commission. The Commission held country wide hearings and produced a report scathing in its condemnation of the Newfoundland political system at the time of the great depression in 1932. It derided the close patriarchal system that developed between the MHA and his constituents. The MHA was seen to be the broker through which all Government benefits would flow.

The simple-minded electorate were visited every few years by rival politicians, who, in the desire to secure election, were accustomed to make the wildest promises involving increased public expenditure in the constituency and the satisfaction of all the cherished desires of the inhabitants. The latter as was not unnatural, chose the candidate who promised the most (Report of the Newfoundland Royal Commission 1933, para 219).

The feeling that politicians would promise almost anything was widespread in the 1930s. Merchants, civil servants, newspaper reporters and ordinary workers all told Amulree that they felt the politicians promised too much to get elected (Fenwick 1984, p 6).<sup>3</sup>

Amulree complains that the people had become too dependent on those in authority:

...The Government was looked upon as the universal provider... [U]nder the peculiar system of administration adopted in Newfoundland, he, the member, was not only the liaison between the people and the Government but the channel through which the money voted by the Legislature for

---

<sup>3</sup> In 1984 the author of this thesis examined the Magrath papers, which contained the transcripts of the evidence presented to the Amulree Commission. Magrath was one of the three commissioners. Since the findings of the Amulree Commission have been disputed by later Newfoundland critics (for a list of these critics see Rowe 1980, 394), the testimony is useful in determining whether or not Amulree was reporting it "the way he heard it".

public purposes within his constituency was allocated and spent (Report of The Newfoundland Royal Commission 1933, para 220).

There was considerable basis for Amulree's comments from the witnesses who appeared before the commission. They testified that it was common practice for the member to appoint the roads board, who then did the hiring and firing for the road repair projects. Members also seemed able to override the decisions of the relieving officers by going to the cabinet. While some witnesses supported the system, there were others who wanted the process of allocating funds for public works turned over to a professional civil service (Fenwick 1984, 17-18).

The range of benefits supplied by the member to his constituents seemed to know no bounds in the 1930s.

...if a man lost his cow... if he had some domestic trouble... if he fell ill... if the wharf in a settlement fell into disrepair... [the member was expected to solve the problem]. Roads, bridges, town halls and public buildings; all these often superfluous luxuries, the Government through the member was expected to provide and maintain.... The Member on his part, knew that unless he gave satisfaction to the people, he stood little chance of reelection (Report of The Newfoundland Royal Commission 1933, para 220).

Amulree blamed the lack of a developed level of municipal government for the personal, patronage-ridden Government that evolved. He believed a strong level of municipal government would eliminate much of the worst abuses. Many of the witnesses also believed that municipal governments would take the allocation decisions out of the hands of the MHAs and give it to locally elected bodies who would spend responsibly because they would have to tax locally to raise the funds required.

Another work that sheds much light on the peculiar relationship between an MHA and his constituents is the autobiography of William J Browne, who was active in public life from the early 1920's to the late 1960's (Browne 1981). In 1922 he, along with two other Liberal<sup>4</sup> candidates, were contesting the district of Placentia Bay. Browne had wanted to run in St. John's for one of the Opposition parties (Conservative), but had been unable to get a nomination, so he, apparently without second thoughts, decided to run for Squires.

Sir Richard Squires had advised us that provision had been made for \$50,000 and we were entitled to recommend to Public Works, either for roads, or wharves or bridges up to that amount...(Browne 1981, p 97).

Once on the campaign trail the three candidates would then meet with the community leaders to negotiate what civic improvements were to be financed with the allotted funds. In Point Lance a delegation asked for support for their breakwater and the candidates recommended \$1,000 be set aside as the first contribution toward it. In Trepassey they committed another \$8,000 for a wharf (Browne 1981, 100-02).

In 1956 John Crosbie, who later served as minister of Municipal Affairs under Smallwood, published a survey of the development of municipal institutions in Newfoundland. He pointed out that the populace was reluctant to form municipal councils in their areas for fear of property taxes being imposed. His survey ended on an upbeat note, however. He felt that the recent push towards incorporation of

---

<sup>4</sup>William J. Browne later went on to an extensive career as a federal and provincial Progressive Conservative politician. Browne explains that he ran for the Liberals in 1922 despite his Conservative bent because there was no opening for him in this election on the Conservative ticket.

municipalities since Confederation in 1949 augured well for the incorporation of additional municipalities. He also felt it would "ensure a solid foundation for parliamentary democracy"(Crosbie 1956, 345-6). Given the long delay before the great incorporation drive of the late 1960's, his optimism seems, in retrospect, premature.

Another analysis of the political decision making process was done by George Perlin in a paper entitled "Patronage and Paternalism: Politics in Newfoundland (1971)." In it, he argues that the personal patronage relationship between the fish merchant and the fisherman, in which the fisherman was looked after in bad times in exchange for the client's faithful patronizing of the merchant's store, was destroyed by Joseph Smallwood who gathered all the patronage levers in his own hands. This style of politics Perlin calls "paternalistic politics" (Perlin 1971, 190). Perlin argues that the patron-client relationships between merchant and fishermen also existed between the MHA and his "key men," and between the key men and the electorate. All these relationships he saw being undermined by the dominance of Smallwood. But Perlin believed in 1971 that the dominance of Smallwood's paternalistic politics was waning. He cited the decline of the population in the outports, the increasingly costly public works needed to satisfy the voters, and the need to divert public funds to economic development as reasons for the decline of the efficacy of Smallwood's paternalistic politics (Perlin 1971, 194). He had a warning about the nature of politics that would follow Smallwood:

The legitimacy of the competitive party system is threatened by promissory politics. As each of the parties shows that it is unable to satisfy the expectations of members of the support base, that base is likely

to become progressively narrowed. Alternative forms of political action may seem increasingly appropriate. Another danger in promissory politics is that the political leaders will compete with each other in using the resources that are available to make allocations to try to demonstrate their credibility at the cost of effective mobilization for the purpose of further development (Perlin 1971, 194-95).

This thesis examines how some of these resources were allocated over a seventeen year period of time to see how the political system evolved. Perlin's words of 1971 seem remarkably farsighted in the 1990s.

#### **D. Review of Other Studies on the Same Question**

Very few studies have been done on the influence of partisan bias on public works spending in Canada. This is understandable. If this bias is present the politicians responsible for the bias are reluctant to make public the information that would prove that the bias exists.<sup>5</sup> As well spending in most programs is not broken down on an electoral district basis. When such a breakdown was released for the Local Initiatives Program (LIP) in the early 1970s it permitted an analysis of partisan bias by Donald E. Blake (Blake 1976). The Local Initiatives Program was one of the first winter works programs designed to fund projects in local communities in order to provide direct employment. The program started in the fall of 1971. In its first two years of operation

---

<sup>5</sup>When the author attempted to assess the allocation of municipal capital works funding while he was in the House of Assembly the government information service did not release all the funding approved. In order to obtain the figures on municipal capital works spending in Green Bay (at the time the Premiers District) the author had to glean it from the local weekly paper in Green Bay.

the program was the subject of criticism by Opposition Members of Parliament who claimed that much larger amounts were going to Government party districts than were justified by the need in these districts (Blake 1971, 21). In the fall of 1974 Robert Andras, Minister of Manpower and Immigration announced the criteria for the 1974-75 program. The formula was tied to several factors, the most important of which was the unemployment rate for the province and the riding (Blake, 1976 18). Applying this formula to the budget for the 1974-75 year "...drastically reduced the amount going to Liberal ridings" from that which they had received in the previous two fiscal years.

To determine whether there was political bias in the first two years of the program, Blake built a multiple regression model using total LIP allocations per capita as the dependent variable and the various measures of need drawn from the population census as the independent or explanatory variables. Need was indicated by three variables, the unemployment rate, the percentage of aboriginals in the riding, and the percentage of adults in the riding with less than a secondary education. The education variable would provide a measure of the economic well being of the riding. Blake is careful to point out that these measures were not necessarily the variables used by the government department in allocating the funds. They are, however, a measure of the criteria that the department claimed was used to allocate funds in the 1974-75 program (Blake 1976, 24).

Blake then added to the model several political variables: the percentage vote for the Liberals in the 1972 election, the presence of a cabinet minister or Liberal member,

and the competitiveness of the riding. Since these independent variables correlated highly with each other, Blake concentrated on using the Liberal vote in 1972 as his independent variable. The result was that controlling for need, "...larger 1972-73 LIP allocations were associated with support for the Liberals in the 1972 federal election" (Blake 1976, 25). Blake further examined individual ridings in which the funding was considerably greater than the need factors alone would have predicted. Most of these ridings were held by Liberals, many by cabinet ministers, and after further analysis Blake concluded that even more funding went to highly competitive marginal districts than "safe" Liberal seats (Blake 1976, 26-27).

Blake was able to do the analysis because the government agencies in this case produced data broken down by federal ridings, both for funding under LIP as well as for unemployment rates, education levels and native population. He was also fortunate that Robert Andras, in the fall of 1974, publicly outlined the criteria that were then being used to make future allocations. Blake then applied these criteria retroactively in order to demonstrate that the previous funding had not always followed that criteria.

Two other Canadian studies dealt with the subject of public expenditures, and how they are affected by political considerations. One is an 1981 article by Duff Spafford that attempted to correlate highway employment with elections (Spafford 1981). The other was a more ambitious 1975 work by John Munro that attempted a more detailed analysis of highway spending in British Columbia to see if economic or political factors were the more critical (Munro 1975).

Spafford examined highway employment levels in election years, comparing it to employment in the years immediately preceding and immediately following the election. To eliminate seasonal variation he chose the same month to compare each time. He compiled the data for 60 elections from 1948 to 1978 for all the provinces except Newfoundland, PEI and Manitoba. He argued that, if conventional folk wisdom were accurate, employment in the election year should be higher than the years preceding and following the election. He found that highway employment did peak in election years, especially employment in highway maintenance. He also found the highest correlation between elections and employment in Quebec, New Brunswick and Nova Scotia. He also detected that the pronounced employment peak in an election month was characteristic of the period from 1948 to 1965. After 1965 the election year surge in highway employment was more like a gentle swell (Spafford 1981, 142). Spafford thus provides prima facie empirical evidence that the electoral process "biased" government operations in some provinces.

John Munro was much more ambitious in his 1975 study. He attempted to isolate economic and political variables that might have determined road construction choices under the Social Credit government between 1954 and 1969. For Munro economic factors include the size of the electoral district, its population and distribution, the condition of its roads and other objective criteria for determining where to build roads. Political factors were whether or not the district was represented by a cabinet minister and whether or not the district was closely contested. Munro found that a mix of



economic and political factors were at play in deciding what roads to construct. Both political factors were found to be significant (Munro 1975, 201).

Munro's study most closely resembles the study described in this thesis. Finding that cabinet membership of the MLA led to increased likelihood of road construction in a district is similar to the conclusion in this study that caucus membership led to more municipal capital works. Unlike the present study, Munro did not attempt to test the effect of caucus membership on road construction. This thesis will conclude that caucus membership is critical, but that cabinet membership confers little additional benefit on a district.

A final work on patronage should also be mentioned. It is *Spoils of Power* by Jeffrey Simpson (Simpson 1988). This 1988 work is a comprehensive survey of the patronage system in Canada, with a breakdown of patronage practices in the provinces. Simpson refers to patronage, when it is practiced on whole communities, as "porkbarreling," when "political patrons grant discretionary benefits to whole communities or regions as an inducement or reward for political support" (Simpson 1988, 13). The type of patronage that Simpson chronicles in his book generally excludes porkbarreling, whereas this practice is the focus of this thesis.

### **E. Methodology**

Political favouritism is difficult to study. Other than subjective "hunches" usually from Opposition politicians, there is typically little evidence that can be examined to

determine whether partisan bias was pronounced, and persistent. Blake was fortunate that the LIP program spent millions of dollars across the country, and that he was able to obtain the data for that expenditure on a riding by riding basis. Analysis of the municipal capital works programs in Newfoundland was not as straight forward. The provincial Government did not publish a list of capital works allocated by provincial district. What was published was the legislation securing these loans, generally on an annual basis (An Act To Make Provision For The Raising of Monies by Certain Local Authorities, Newfoundland Statutes, 1952) (Local Authority Guarantee Act, Newfoundland Statutes, 1959). The lists include the municipalities in alphabetic order, along with the amount of the loan and the term of the loan. To determine whether there was a bias in the allocation of the loans, it was necessary to rearrange the data so that the allocation to each district could be compared. Using a computerized database a record was established for each community in which the capital loans could be recorded so that they could later be sorted by district.

The loan amounts were assigned to analytical records for each community. Prior to 1983 all types of loans, be they for water, roads or for other purposes are grouped together since that is the way they are recorded in the legislation. The source data for the period from 1983 to 1988, which came from the Department of Municipal Affairs, were broken down by type of loan, and for that period of time the data are capable of being analyzed separately. If the community had only obtained water and sewerage loans, then it had only one record. If the community had roads loans as well, then it would

have two records. By this method the analysis could isolate on the funds that a single municipality had received, and the amounts could be easily aggregated so that a year by year comparison of Government and Opposition funding could be calculated. Although the data was collected for a period of time by type of loan, all the analysis in this study is based on total capital loans, be they for water, sewerage, roads or some other purpose.<sup>6</sup>

A number of classification decisions were necessary to make the analysis possible. The first was to assign the loan guarantees as much as possible to the administration and the minister of municipal affairs that had made the decision to approve them. Sometimes this was difficult to determine. For example, a bill securing loans passed in the House in July 1972 would give legislative approval to loans that had been approved by the Cabinet and made since the last bill had been passed, in 1971. For the most part this gave reasonably reliable results. But when an election intervened and a government changed, it was not possible to be certain who was responsible for approving funds covered by a subsequent act. In fact the bill passed in July 1972 secured an enormous number of loans, and was probably the work of two administrations, the last of the Smallwood administration, and the first of the Moores administration. Whoever was responsible for it, it was enormous. At \$21 million it represented the greatest real spending ever on municipal capital works. This funding was excluded from the analysis.

---

<sup>6</sup> A few loans were for special projects such as stadiums or for special earth stabilization projects to prevent earth slides onto communities. The amount of capital provided for these other purposes was minimal.

Our analysis starts with the 1973 act which secured the loans approved in the previous year when the PCs were in power.

One other factor served to complicate the analysis. Between the 1972 and 1975 election the province's electoral map was redrawn with nine additional districts created. In order to make any analysis possible, the districts as of the 1979 election have been used as the basis for comparison (See Appendix E). Fortunately these fifty-two districts were virtually the same from 1975 onward, with the exception of the creation of Torngat Mountains as a district in 1979. The communities that had been transferred from one district to another with redistribution have been put in their 1979 district in this study. Stephenville, for example, was established as a separate district in 1975, but prior to that date was a part of the Port au Port District. For our analysis Stephenville was always part of the Stephenville District.

After aggregating the amounts for each district the dependent variable, funding per district per year, was isolated. The independent variable, the political party of the member representing that district for that year, was also recorded on each record for each year.

In Blake's LIP study it was relatively straightforward to construct the indicators of socio-economic "need." The data on unemployment, percentage of native population and education level were readily available from the Population Census. No similar indicators of need were available to use in an examination of municipal capital works funding in Newfoundland. With one exception there were no data available to indicate

which towns *needed* and *wanted* to put in water and sewage systems. Many communities in the province are so sparsely settled that well systems and septic tanks are seen to be an ideal solution that precludes the installation of a municipal system. Similarly the need for paved roads is also difficult to quantify given the lack of data on the length of roads and their condition in each community and whether or not paving them is seen to be a priority of the town or community council.

However in 1989 the Department of Municipal Affairs made some data available from which an indirect indicator could be constructed. This was a list of the sums of money required to complete all the projects then under construction or in the planning stage. According to the list one billion dollars would be needed. The data from this list were entered into the computer data base for analysis. The results showed that the sums required to complete the ongoing projects were roughly equal in Opposition and Government districts. When the total needed to complete the projects was compared to the amount already spent, Opposition districts were about twenty-five percent complete in their projects, and Government districts were about twenty-eight percent complete.

What this data suggests is that "on average" Government and Opposition districts have a relatively equal need for Municipal Capital Works funding. It would follow then that, on an ongoing basis if need were the governing criteria, the funding for Opposition districts and Government districts should be relatively equal. It should also follow that a district that switches back and forth from the Government to the Opposition side of the

House should continue to receive roughly the same amount of funding on a year by year basis.

Thus the null hypotheses are:

- A. **Funding for Municipal Capital Works for individual districts is dependent on the needs of the district which, since they are similar over time, should result in relatively equal funding for each district over time.**
- B. **Funding in an individual district, if it is dependent on actual need, should not change when the political party of its MHA changes.**

To quantify the issue, an index was constructed. The funding for all the Opposition districts was totalled by year, and an average for each district was calculated. The same thing was done for the Government districts. These averages were then divided into each other to give an index for the individual year. Mathematically:

$$GOI = \frac{G(ave)}{O(ave)}$$

Where **GOI** is the Government/Opposition index, and **G(ave)** is the average spending per Government district and **O(ave)** is the average spending per Opposition district.

If the spending follows the assumption we have made, that the needs are equal in Opposition and Government districts, then the index should roughly equal 1.0. The index was calculated on a yearly basis between 1973 and 1988, making it is possible to

examine each year for evidence of greater or lesser bias. A supplementary index was also prepared based on the average funding for cabinet ministers districts:

$$COI = \frac{C(ave)}{O(ave)}$$

Where COI is the Cabinet/Opposition index, C(ave) is the average spending per cabinet members district, and O(ave) is the average spending per Opposition members district. An attempt was made to discover if there was a pronounced bias in favour of their districts similar to the bias Blake found in favour of Liberal cabinet ministers ridings in the LIP study.

#### **F. Description of The Data Collection Method**

There were three major sources for the data used in this study. The first was the *Local Authority Guarantee Act* and its predecessor.<sup>7</sup> The second was a set of internal department documents containing statistical summaries from the department of Municipal Affairs outlining capital works guaranteed loans for a period from 1983 to 1988. The internal documents from the department listed all the loan guarantees approved by cabinet by fiscal year starting in 1984.<sup>8</sup> Table 1.1 identifies the exact time period that each piece of legislation or government document records the loan guarantees for. The third was the

---

<sup>7</sup>From 1949 to 1983 the main source of data is from the *Local Authority Guarantee Act 1957*, and its yearly amendments. These acts of the Newfoundland House of Assembly are passed yearly to secure loan guarantees authorized by orders-in-council of the cabinet.

<sup>8</sup>The Data from the Department of Municipal Affairs are lists of loans approved by order-in council from 1983 to 1988.

comments from informants who participated in the decision making process that led to these lists.<sup>9</sup> (See the list of informants in Appendix A)

The *Local Authority Guarantee Act* and especially its amendments which contained the schedule of loans being approved was the greatest source of data. Under the terms of the act all guaranteed loans must be approved by a vote in the House of Assembly amending the *Local Authority Guarantee Act* and its predecessor. As a result there are list upon list of approved loans available from the Queen's Printer. For the most part these amendments were passed yearly, and it took little effort to determine what time the decisions were made. That determination was crucial to the study since this study is essentially an examination of the decision making process that led to the funding allocations. Unfortunately there are a few periods where the legislation was delayed and the lists would cover several years of municipal capital works. The most extensive of these periods was from 1983 to 1986; one huge bill was passed in 1986 to secure three years worth of loans. Fortunately the Department of Municipal Affairs was able to provide lists of approved loans for those years by the date they were approved by the cabinet.

The data from the legislation and the lists from Municipal Affairs were coded into a database. The database design is outlined in Table 1.1. The unit of data is the municipality, with fields to record the name of the District as of 1988, the name of the

---

<sup>9</sup>The informants will be referred to by their last name and the year of the interview. The interviews were taped, and some of them were transcribed as part of the process of preparing this thesis.



member of the House of Assembly for that district and the name of the party the member belonged to as of 1988. The structure of the record is described in table 1.1.

Finally, the author conducted a series of interviews with many of the principals involved in the decision making to attempt to assess some of the explanations that had been put forward by the individuals who had taken part in the decision making. In these interviews, some of the statistical findings were presented to the respondents, and they were asked to explain these results.

**Table 1.1 - Description of Fields in Database**

NAME OF FIELD	DESCRIPTION OF FIELD	TYPE OF DATA <sup>10</sup>
DISTRICT	The Name of the Provincial District	A
MEMBER	Name of the Member for the District in 1988	A
PARTY	The Members Party in 1988	A
GOV5271	Whether the district was represented by a Government member from 1949 to 1971	L
GOV72	Government member from 1972 to 1975	L
GOV75	Government member from 1975 to 1979	L
GOV79	Government member from 1979 to 1982	L
CAB79	Cabinet Member form 1979 to 1982	L
GOV82	Government member from 1982 to 1985	L
CAB82	Cabinet Member from 1982 to 1985	L
GOV85	Government member from 1985 to 1989	L
CAB85	Cabinet Member from 1985 to 1989	L
MUNICIPALY	Name of the Municipality	A
LPURP	Loan purpose ie Water & sewer or roads	A
LOAN4963	Total amount of loans in the municipality from 1949 to 1963	N
LOAN6466	Loans in the municipality from 1964 to 1966	N
LOAN6771	Loans in the municipality from 1967 to 1971	N
LOANAMT72	Loans in the Municipality in 1972	N
LOANAMT73 to LOANAMT88	Loans in the Municipality from 1973 to 1988.	N
COSTCOMP	The cost to complete all systems for the municipality estimated by Municipal Affairs in 1989	N
TODATE	Total of this type of loan (water/roads) Loans guaranteed for this municipality since 1949	N
REQ8990	Amount requested by the municipality for the fiscal year 1989-90	N
POP	Population of the Municipality in 1986 (from Statistics Canada)	N
INCORPYR	Year Municipality was incorporated	D
CTY	Whether the municipality was a town, community council or other.	A

<sup>10</sup>A = Alphanumeric Data, L = Logical Field, N = Numeric Data (In dollars except for POP population,  
D = Date

**Table 1.2 - Description of the Time Periods  
Actually Covered in Each Year Represented**

<b>YEAR(S) CODED FOR</b>	<b>ACTUAL TIME PERIOD COVERED</b>
63 (49 to 63)	April 1949 to June 20, 1963
66 (64 to 66)	June 21, 1963 to December 14, 1966
71 (67 to 71)	December 15, 1966 to June 2, 1971
72	June 2, 1971 to July 5, 1972
73	July 6, 1972 to May 1, 1973
74	May 1, 1973 to May 21, 1974
75	May 22, 1974 to June 25, 1975
76	June 25, 1975 to June 11, 1976
77	June 12, 1976 to June 17, 1977
78	June 18, 1977 to November 21, 1978
79	November 22, 1978 to August 17, 1979
80	August 18, 1979 to June 6, 1980
81	June 7, 1980 to July 14, 1981
82	July 15, 1981 to December 3, 1982
83	December 4, 1982 to December 21, 1983
84	Mid 1983 to March 31, 1984
85	April 1, 1984 to March 31, 1985
86	April 1, 1985 to March 31, 1986
87	April 1, 1986 to March 31, 1987
88	April 1, 1987 to March 31, 1988

There is a large time gap between The December 21, 1983 bill and the next bill to pass through the legislature on June 17, 1986, almost two and a half years later. The Department of Municipal Affairs helped fill the gap by providing a detailed breakdown of the approved loans by fiscal year and by order-in-council number. The time of approval by O-I-C is much earlier than the date of the legislation that eventually secures the loan in the legislature. In order to prevent loan guarantees being counted twice, once when the O-I-C was issued, and again when the legislation was passed, the loan amounts for these years were carefully screened and placed in the most appropriate year. To further guard against error, the figures from Municipal affairs were carefully compared to the amounts eventually secured by the 1986 legislation. Since the switch had been made and the figures were able to be pinned down as to time and minister, the Municipal Affairs data was used to the end of the study period March 31, 1988. The net effect of changing the data source would be to reduce the total spent in 1983 and 1984 somewhat and to increase the amount spent in 1985. Since these were not election years, it should not affect the basic allocation of the data to Government or Opposition districts.

For the most part the unit of analysis is the provincial district. From 1972 until 1975 there were forty-two districts in the province with an average of about eleven to twelve thousand people in each one. In 1975 redistribution added nine more districts, and another was added for the 1979 election. Although some redistribution and redrawing of boundaries occurred in the 1980s, the number of districts remained fixed at fifty-two. The average population of each district is about eleven thousand. With few exceptions most districts in the province are rural in nature. With the exception of the St. John's area and Corner Brook the largest towns have only ten-thousand people in them and there are only a half dozen of these. The St. John's metropolitan area<sup>11</sup>, with approximately 100,000 people in it has historically been well serviced with water and sewerage, and for much of the study period did not acquire its loans via the *Local Authority Guarantee Act*. Districts within this area have therefore been excluded from the study. The remaining forty districts left are a large enough population from which to draw conclusions about statistical patterns. During most of the study period there was a good mix of Government and Opposition districts to be able to make valid comparisons.

### **G. Description of the Interview Methods Employed**

Although the data collection revealed a pattern that suggested the Government was favouring its own districts to the detriment of Opposition districts, Government

---

<sup>11</sup>The Districts not covered in this study are St. John's East, St. John's Centre, St. John's North, St. John's West, St. John's South, Pleasantville, Waterford-Kenmount.

politicians had alleged from time to time that the bias was justified to counterbalance the neglect the PC districts had suffered at the hands of the Liberals in the past. However it should be noted that outside St. John's virtually *every* district was represented by a Liberal Member from 1949 to 1971. They also maintained that this was just the way the needs were distributed and it was only a legitimate response to the areas where the need was the highest. To test these arguments, a series of interviews were arranged with informants who should be able to say whether these arguments were valid or not. The first group interviewed were the civil servants who occupied senior posts in the Department of Municipal Affairs when the decisions were made. The statistical tables were used as a stimulus to encourage the respondents to focus on particular years when they were in the bureaucracy that supported and took part in the decision making by the politicians. The second major group interviewed were all but one of the Ministers of Municipal Affairs from 1972 until 1989. Most of the interviews took place in the homes and offices of the respondents during the fall of 1991. The interviews were taped and transcribed, as required for analysis. These interviews were used to help draw conclusions and deal with some of the rationalizations that were put forward for the results.

## **2. CAPITAL WORKS FUNDING - HISTORICAL OVERVIEW**

### **A. Historical Attitudes to Taxation and Local Government**

To understand contemporary attitudes toward the funding of public works at the local level it is helpful see how these attitudes were formed in the settlement of Newfoundland. Newfoundland was first used as a fishing station. Fishing fleets from many European nations sent their fleets to fish on the fabled Grand Banks of Newfoundland. The French, the Basques, the Portuguese, the Spanish and the English all fished off the shores of Newfoundland. Of all of these nations only the English with their lack of salt showed a need to settle in the coves of what was one large mother ship in the Atlantic. The English were forced to use a light cure that called for extensive flakes on shore to allow the sun to help in the curing of the fish. Settlement was sparse and fitful until the last decade on the eighteenth century (Noel 1971, 4). When the commercial seal fishery was established in the 1790s its prosecution in the winter and early spring lured more migratory fishermen to winter over and become permanent settlers. That, combined with a wartime boom in the fisheries in the first fifteen years of the 1800s, led to a rapid increase in population. Permanent settlements interfered with the migratory fishery however, and permanent settlement was difficult. Therefore until the start of the 1800s settlement was virtually nonexistent off the Avalon peninsula.

The Newfoundland economy, with its migrant fishermen, mitigated against the establishment of permanent towns with local government. The first municipality to

incorporate was St. John's in 1888, close to 400 years after its first occupation by Europeans. Municipal formation was so slow that it was fifty years later that the second town was incorporated. In 1938 Grand Falls Station, a rapidly expanded suburb of the company town of Grand Falls established an elected council (Royal Commission on Municipal Government in Newfoundland and Labrador 1974, 30).<sup>12</sup> At Confederation in 1949 there were only twenty incorporated municipalities scattered around the province. The closest thing to modern towns were the company towns set up, regulated and owned by the mining and logging companies. Grand Falls, Buchans, Lewisporte, Corner Brook and Bell Island had all been forms of company towns. As company towns they were run by the company and later by appointed councils and received most of their revenue from the company. As a result they gained little experience with democratic institutions and the art of imposing, collecting and spending taxes, a deficiency that the Whalen Royal Commission noted in its report:

The local failure stems from a strong desire on increasing numbers of civil leaders and citizens for more extended municipal services which is not accompanied by their willingness to assume an adequate level of municipal financial responsibility for the cost of those services (Whalen Commission 1974, 12).

In the Confederation campaigns of the 1860s and the 1940s one of the anti-confederate arguments was that "Canada would tax your property away from you" (Whalen Commission 1974, 26). Its use in these campaigns reflected the antagonism

---

<sup>12</sup>Hereafter referred to as the Whalen Commission.

most Newfoundlanders felt toward local taxation. For Newfoundlanders in general municipal government and taxes were anathema. Since, according to liberal British theory, municipalities are training grounds for sound democratic government, their virtual absence prior to Confederation led Lord Amulree to remark that it was this lack that led to the particularly corrupt state of Newfoundland politics (Newfoundland Royal Commission 1933 para 220). Unfortunately the Commission of Government instituted at the suggestion of the Amulree Commission was not very successful at promoting municipal government, and their decade-and-a-half (1934-1949) passed with little or no progress in establishing municipalities despite repeated attempts to encourage incorporation (Whalen Commission 1974, 31).<sup>13</sup>

In the decades before Commission of Government the local MHA helped decide which roads water and sewerage services were provided. With forty MHA's in 1930 for a population of less than 300,000 the MHA's were expected to help arrange for the services normally delivered by a municipality. They secured a small grant to fix the road each spring, they got the wharf fixed, they arranged for the drilling of a community well and so on. Most of this work appeared to be deliberately scheduled for the election campaign as if to reinforce this connection between the Government MHA and public works. William Browne in his biography describes his first election campaign in 1922

---

<sup>13</sup>The Whalen Commission records instances of threats and physical abuse against proponents of municipal government during the Commission of Government period (p 31).



when he steps out with his fellow Liberal candidate armed with a budget of \$50,000<sup>14</sup> from Sir Richard Squires (Browne 1981, 97).

One of the primary goals of Commission of Government was to fill this lacuna and provide training in municipal government to the people. Unfortunately it was able to accomplish little, eventually providing services through magistrates and Newfoundland Rangers, the all purpose government men who provided everything from law enforcement, to customs work, to social work to spying (Neary 1988, 51-52). As a result, when Confederation with Canada finally arrived in 1949, Newfoundland's Municipal infrastructure and store of accomplished municipal and provincial politicians was still inadequate. The weak state of the infrastructure led to a demand for water, sewage and road construction, but the lack of local politicians with a tradition of responsibility and accountability led to a peculiar response from the provincial Government.

### **B. The Smallwood Government's Approach**

Given J. R. Smallwood's background the organization of strong responsible municipal governments should have been a priority. He was an organizer. In his life he had organized unions, co-operatives and political parties. He even organized for the American Socialist Party (Gwyn 1972, 31-32). He had a brief stint as an adherent of

---

<sup>14</sup>This \$50,000 was in Canadian dollars. Newfoundland had switched to the Canadian dollar after the Newfoundland bank collapse in 1895.

Coaker and the Fishermen's Protective Union (FPU), one of the first mass parties of Newfoundland. Given his background he could have brought an organizing activist attitude to his job as Premier of Newfoundland. In the years immediately after Confederation with Canada in 1949 many municipalities were incorporated. But the "boomlet" of the early fifties was short lived (Crosbie 1956, 345). It was only in the latter part of his tenure as premier that much progress was made in incorporating new communities and establishing municipal infrastructure (Whalen 1974, 35). Why Smallwood lost interest in the formation of municipalities in the decade between 1955 and 1965 is unclear. But it might be that his economic development program monopolized his time. Installing municipal capital works proceeded slowly in the first fifteen years of Smallwood's administrations. From 1949 to 1963, spending on municipal capital works<sup>15</sup> averaged a mere one million dollars per year. Incorporated municipalities were few and far between, and no real initiative to form more was made until the mid 1960s. In the 1960s the formation of local government units accelerated. One factor causing this was the threat of resettlement. The Federal-Provincial resettlement program of the late 1960s was intended to assist households to move to larger communities with better services. As the program grew, entire communities that agreed to move received additional grants to help in the resettlement. Some communities

---

<sup>15</sup>Municipal capital works generally include water and sewer projects, road construction and repair, and occasionally other municipal projects such as arena construction

thus perceived the program as a threat to their survival, and incorporated (with government encouragement) as a way of fending off resettlement.

The late 1960s was a period of substantial growth in many communities. This growth brought with it problems of pollution and water shortages, forcing the communities to ask the Government to help them install water and sewer systems. But perhaps the greatest stimulus to the formation of municipal government in this era was the generous operating and capital works grants provided to municipalities by the provincial Government to incorporate (Whalen 1974, 38). Enormous numbers were formed<sup>16</sup>, and spending on capital works increased greatly to an average of \$9 million a year in the 1964-1966 Smallwood administration (Local Authority Guarantee Act 1957, 1964 to 1966 amendments). Although it declined slightly in the 1967-71 Smallwood administration, it never declined to the pre 1964 level.<sup>17</sup>

A deputy minister in the Department of Municipal Affairs at the time felt they (he and the other civil servants) were sparking a revolution in rural Newfoundland, giving Newfoundlanders some sense of ownership of their communities (Withers 1991). Later on this civil servant came to rue the day he helped incorporate so many communities, as their appetite for capital to build more and more municipal infrastructure became impossible to satisfy (Withers 1991).

---

<sup>16</sup>The 105 municipalities in 1962 increased to 168 in 1967, to 255 in 1972, and to 290 in 1974, almost tripling in twelve years (Whalen Commission 1974, 35).

<sup>17</sup>Municipal Budgets also increased greatly during this period, from under \$8 million in 1962 to over \$46 million in 1974 (Whalen Commission 1974, 35)

During the fifties, Premier Smallwood, dispensed capital grants on a personal basis (Perlin 1971, 1993). Applications for capital grants went to the cabinet on a piecemeal basis with no priority established whatsoever (Withers 1991). The most important intermediary was not the civil servant, but Premier Smallwood who dispensed these loans on a personal basis. When the total annual capital funding for municipal capital works projects in the province amounted to less than one million dollars going to a handful of communities this was not a broad concern. When the sums started to increase greatly in the subsequent PC administrations, potentially reaching every rural district, the MHA's and the cabinet ministers started taking a more active role in the decision making process (Withers 1991); (Haynes 1991); (Corbett 1991).

### **C. Overall Funding From 1972 to 1988**

In the seventeen year period of time examined closely in this study, municipal capital loans guaranteed by the province varied from a low of \$9 million in 1973 to a high of \$44 million in 1983. In the 1970s spending ranged from below \$10 million to just over \$20 million with the exception of the election year 1979, when spending ballooned to over \$30 million. With the exception of 1983 and 1984, spending in the 1980s remained quite steady at around \$30 million a year. In 1983 and 1984 spending peaked at just over \$40 million per year. (See figure 2.1) However growth in real terms was less, due especially to high inflation in the 1980s. In real dollars (adjusted for the St. John's Consumer Price Index) the highest yearly spending for capital works occurred

# Total Capital Loans Total Spending by Year adjusted for inflation

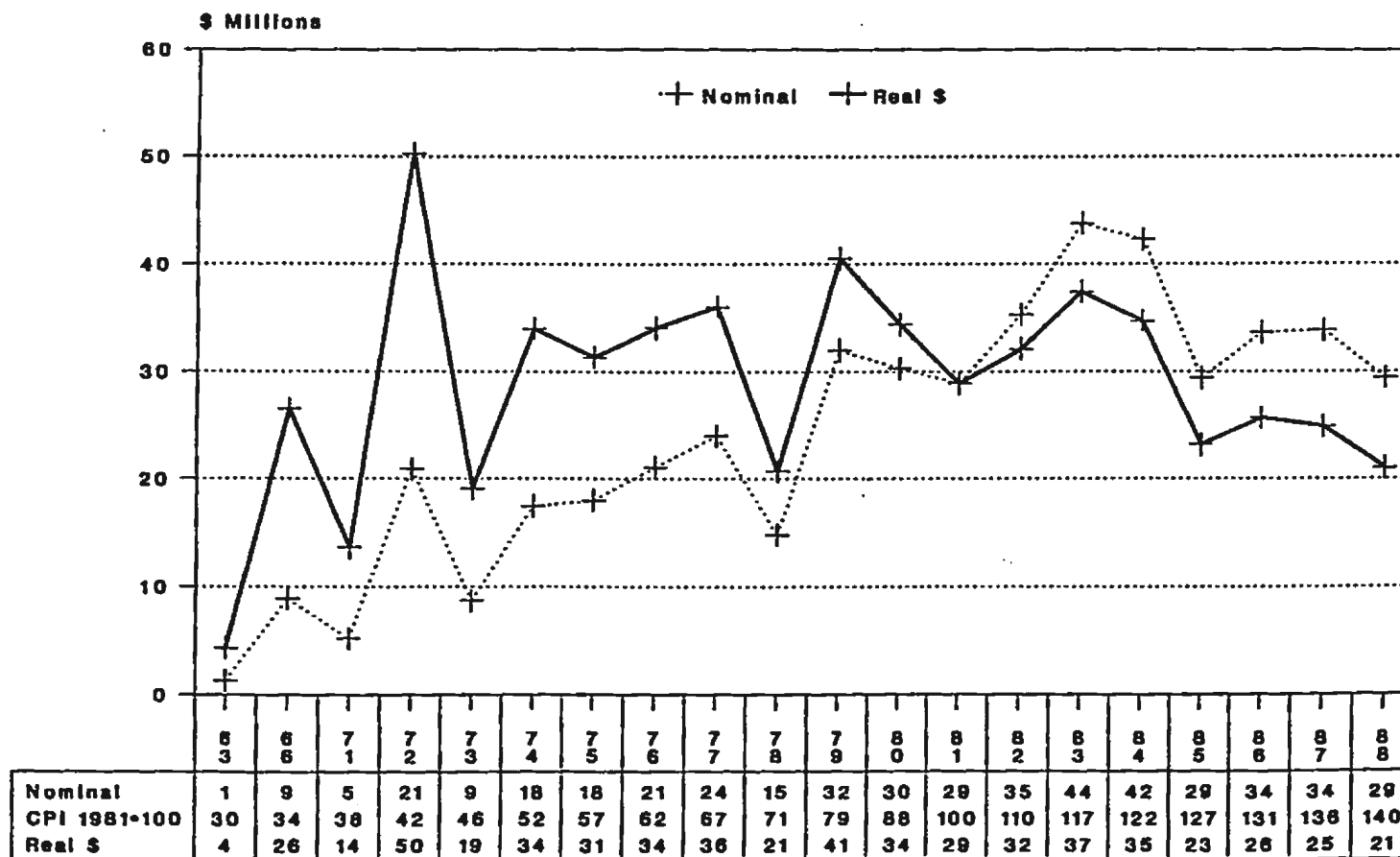


Figure 2.1

in 1972, when \$50 million in 1981 dollars was expended. The second highest sum was for 1979, also an election year, and the third highest was in 1983, a year after an election.<sup>18</sup> In the decade from 1974 to 1984 virtually each year saw between \$30 and \$37 million expended. The only exceptions are the 1978-79 years in which the spending dipped to \$21 million in 1978 and rebounded to \$41 million in 1979. It was almost as if the Government saved up in the inter election years in order to make a big splash during the election year. However, this apparent anomaly may simply reflect the way in which the legislation was passed through the House of Assembly. The bill securing the loans was usually made after the spending was complete on the projects. In the 1978-79 period the spending might have been relatively constant, with just the timing of the legislation making it appear that great variations were occurring. It is also apparent that spending since 1984 has been diminishing in real terms to pre-1972 levels.

Before too much weight is given to an apparent connection between higher spending and election years, one should examine the spending in 1983 and 1984, the only two years in which spending topped \$40 million in nominal terms. Some explanation for these result is needed besides the proximity of an election. Since 1982 to 1984 were the years in which the province was emerging from a recession, it just may be that the

---

<sup>18</sup>The date each administration took over is listed in Appendix B. In the era we are examining Frank Moores became premier in February 1972 and called an election in March. His Government was re-elected in September 1975, and he turned over the Premiership to Brian Peckford in March 1979. Peckford won elections in June 1979, April 1982 and April 1985. Peckford resigned as premier in March 1989 and Tom Rideout became premier. He lost the April 1989 election to the Liberals under Clyde Wells.

Peckford Government was attempting to "kick start" the economy by spending on public works.<sup>19</sup>

Overall spending on an unadjusted nominal basis increased from 1973 until it peaked in 1979, and except for 1983 and 1984 spending remained at a \$30 million a year plateau for most of the 1980s. When inflation was taken into account spending peaked in 1972 and then levelled off for much of the 1970s before declining after 1982. This suggests that there could have been much pent up demand for capital works improvements in the municipalities.

---

<sup>19</sup> Hazel Newhook, the minister of Municipal Affairs at this time claims that the spending in these two years was a deliberate attempt to stimulate the economy by increasing Municipal Capital Works. (Newhook, 1991)

### **3. THE MOORES ADMINISTRATIONS**

#### **A. The First Moores Administration: 1972-1975**

Our detailed study of the politics of capital works spending starts with the 1973 bill, the one that was the responsibility of the first Moores administration. Moores had led the Progressive Conservatives to a great victory in 1972. The opposition Liberals held on to just nine seats (See Appendix F for provincial election results from 1949 to 1989). The 1973 bill was small in comparison to the great election bill of 1972, and was even more so when one considers that the early 1970s were a time of great inflation. The real purchasing power of the 1973 bill was less than 40 per cent of its predecessor. Despite its small amount however it seemed to be distributed with partisan evenhandedness. In fact the Opposition districts did better than the Government districts. The GOI index was for the first, and last time, less than 1.0. (See Figure 3.1) For every dollar an Opposition district received, a Government district received seventy cents. The Liberal Districts on the whole received more than the Government districts.<sup>20</sup> The numbers, however, are deceiving. Two Liberal districts in central Newfoundland, Fogo and Bonavista North accounted for over 75 per cent of the spending. In Fogo the spending prior to 1972 had been in the two communities of Fogo and Musgrave Harbour. In Bonavista North the spending was more widespread with seven communities working

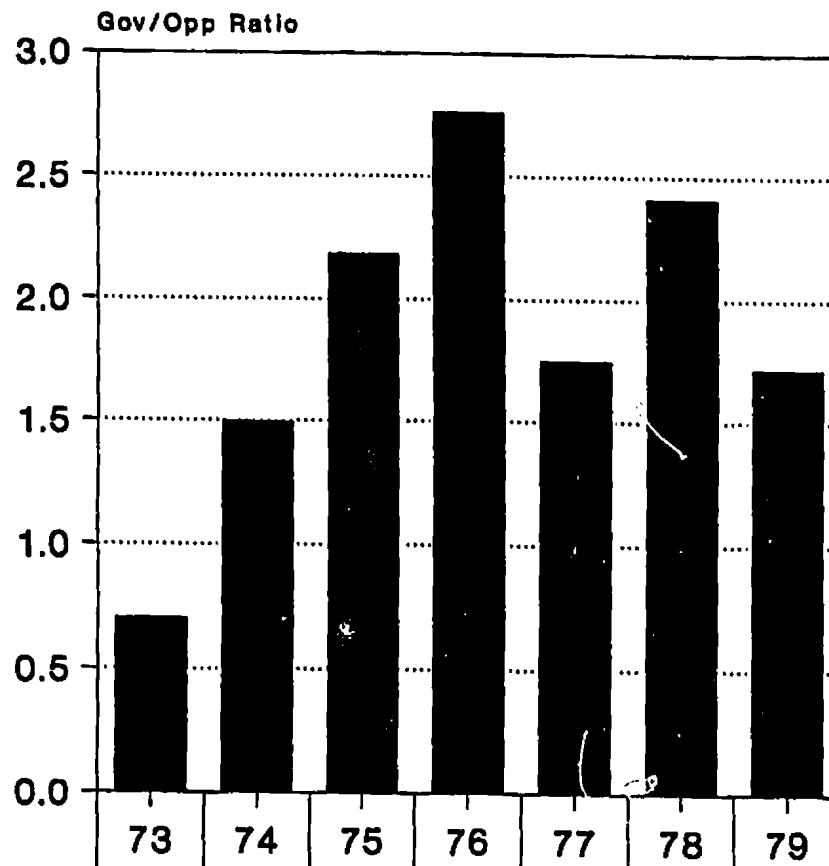
---

<sup>20</sup>See figure 3.1 for the dollar amounts that were used to calculate the GOI. The number of districts used to calculate the average was adjusted to compensate for the St. John's districts and for the Labrador districts that received most of their funding from other sources.



Figure 3.1

## Moore's Administrations Capital Loans Distribution



	73	74	75	76	77	78	79
Gov. Tot	6.2	14.8	16.0	19.2	16.0	11.0	21.2
Gov. Ave.	0.2	0.4	0.5	0.6	0.7	0.5	0.9
Opp. Tot.	2.4	2.7	2.0	1.9	8.0	4.0	10.8
Opp. Ave.	0.3	0.3	0.2	0.2	0.4	0.2	0.5
Gov/Opp	0.7	1.5	2.2	2.8	1.8	2.4	1.7

In \$ Million per Year

on water and sewerage systems in this time period. The biggest project was in Hare Bay where almost a million and a half was spent. Harold Collins, the Gander MHA who was minister of Municipal Affairs at this time, believes that much of the funds expended, especially in Opposition districts was to complete ongoing projects (Collins 1991). If these two districts had not received such a large amount of funding, the index might have not favoured the Opposition districts.

In the Progressive Conservative Districts most of the money spent in 1973 was spent in Corner Brook, partially represented by the premier, and Burgeo. In subsequent years, however funding started to flow to other PC districts. By 1976 Gander, Grand Falls, Bonavista South, Green Bay, Corner Brook, Stephenville, and Trinity Bay de Verde had received over one million dollars a year each.

Although the Moores administration started off being more than evenhanded in 1973, they soon started to increase municipal capital funding in Government districts. In 1974 spending in Government districts doubled, while the amounts going to Opposition districts remained almost constant. The index stood at 1.49 indicating that Government districts received almost fifty percent more than their Opposition counterparts. For the next two years (1975-76) the amounts going to Opposition districts actually dropped while the amounts going to Government districts increased by close to \$3 million per year. By 1976 the index was at 2.76 indicating an almost three to one bias in funding. During most of this time Brian Peckford was the Minister of Municipal Affairs. In September of 1976 Peckford left the portfolio and was replaced by a Pleasantville MHA

Jerome Dinn who remained minister until the fall of 1978. During Dinn's time as minister the Government districts taking advantage of capital works projects doubled, from fifteen in 1973 to thirty in 1976. The five Opposition districts that had received funding in 1973 had been reduced to four by 1976.

### **B. The Second Moores Administration: 1975-1979**

In the first Moores Administration we have seen that the evenhanded policies pursued by Harold Collins and Val Earle were replaced by mounting partisanship under Minister Brian Peckford. By June 1976 the funding was almost triple in Government districts when compared to Opposition districts (GOI 2.8). In September 1976 Jerome Dinn became the new minister of Municipal Affairs, and in the first year, the index of partisanship dropped by a third to less than double (GOI 1.8). In the next year however partisanship returned and Dinn's tenure ended with a partisanship ratio that crept back to 2.4. In October of 1978 Neil Windsor became Minister of Municipal Affairs and the ratio dropped to 1.7 in 1979, and an almost evenhanded 1.2 in 1980. Not since the early 1970s had a minister of Municipal Affairs presided over such an evenhanded distribution of funding. Nonetheless in the three years of this administration all Government districts received funding in virtually all years. Only four Government districts failed to receive loans in each of the years, and that was for one year only. (Menihek and St. Mary's The Capes in 1977, Nauskapi in 1978 and Harbour Main in 1979.) Almost half (ten) of the Opposition districts failed to receive funding in at least one year of this period. Several,

such as Fogo, Eagle River and Twillingate were excluded two of the three years. Torngat Mountains was excluded all three years, but its location in Labrador may have allowed it to access other funds. It is included at this point because it accesses funding from the program in 1982.

Nineteen seventy eight is the most partisan of these three years with two and a half times as much going to the Government districts as the Opposition ones. At \$15 million in spending, it is also the year when the least was spent. The 1979 figures were in the legislation passed in August 1979, just three months after the June 1979 election in which Brian Peckford gained his first mandate as premier. It guaranteed the loans approved in Cabinet in the previous year and in the period leading up to and including the 1979 election. Given that the water or sewer system has to be constructed or the road paved and completed before the loan is secured by legislation, most if not all, of the loans secured in the August 1979 act were approved prior to Brian Peckford becoming premier.

For the most part funding in this time period (1975-79) went to the larger communities. Towns receiving over one million dollars in this three year period include Bonavista, Carbonear, Botwood, Gander and Grand Falls, Mount Pearl, Conception Bay South, Corner Brook, Windsor and Clarenville. But smaller towns also received large amounts. Massey Drive, near Corner Brook, with only 415 people received over one million dollars, the highest sum per capita of any town. Other small towns that did very well on a per capita basis were Trinity and Dover in Bonavista South, Coachman's Cove

in Baie Verte-White Bay, Gillam's in Bay of Islands, Port au Bras in Burin Placentia West, Melrose in Trinity North, and North West River in Naskaupi.

Few of these small towns are able to fully pay the massive amounts required to finance these water and sewage systems.<sup>21</sup> The larger towns that had been receiving loans for water, sewage and roads projects, repaid their loans (Withers 1991). Now the smaller municipalities were building their own infrastructure, and as they did the index of partisanship (GOI) started to rise. (See figure 3.1, especially from 1975 to 1979) It could be that the more rural communities with the weak tax base are the ones that will prosper or suffer more at the hands of a Government that can decide whether they get their capital works funding or not. We will examine that question more closely in Chapter 5 when we look at the difference in the way rural and urban districts were funded when they changed their representation from Government to Opposition or the reverse.

---

<sup>21</sup>Everyone concerned from the Cabinet to the town officials themselves knew that the loan guarantees were, in fact, mostly grants.

#### **4. THE PECKFORD ADMINISTRATIONS**

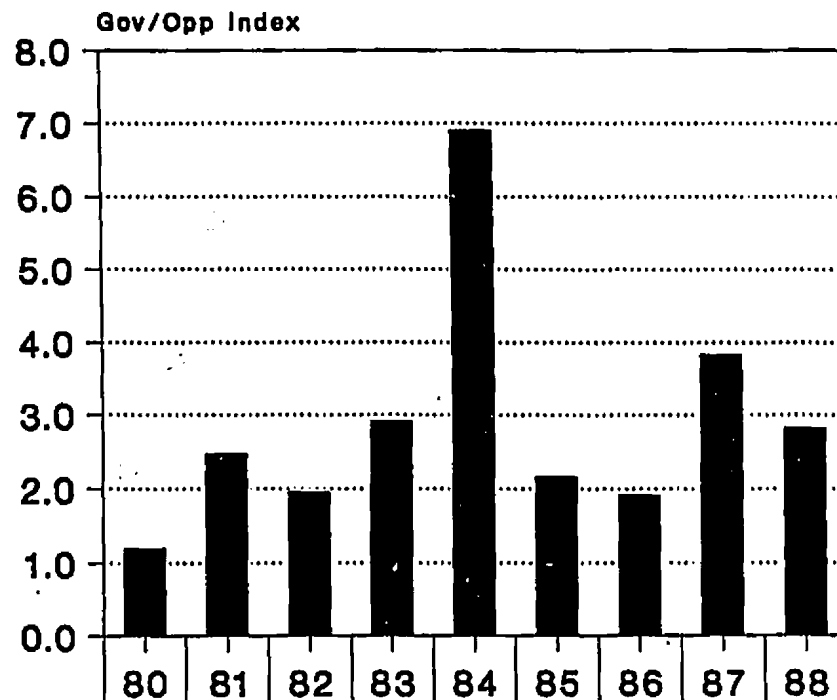
##### **A. The First Peckford Administration: 1979-1982**

Brian Peckford became Premier on the heels of a number of scandals that plagued the latter part of the Moores Administration. There were allegations of kickbacks from contractors who had given television sets to Cabinet ministers, and Tom Farrell, one of Moores' cabinet ministers, was caught up in a fire that was alleged to be arson. Brian Peckford promised a new broom approach in which his caucus members would be clean. One would expect that a major capital works program like the municipal capital works program would be handled without excessive political bias, and for the first year it was. Neil Windsor remained at Municipal Affairs in the 1979-80 year, and the evenhandedness that characterized his first year as minister when the GOI of partisanship dropped by a third continued. Loans authorized by the 1980 act were almost balanced, with the GOI ratio at 1.2. However when Windsor left the Department in the fall of 1980, and was replaced by Hazel Newhook, partisanship increased markedly. In 1981 the index doubled to 2.5, and continued at the 2.0 level in 1982. (See figure 4.1)

The 1982 figure understates the actual pro-Government bias because its calculation treats Baie Verte-White Bay as an Opposition district. In fact, the Liberal member Tom Rideout crossed to the Government side in 1981. (Rideout would later become a cabinet minister in the Peckford government before succeeding him as premier in 1989.) If the \$2.5 million approved for Baie Verte-White Bay were switched to the Government

Figure 4.1

## Peckford Administrations Capital Loans Distribution



	80	81	82	83	84	85	86	87	88
Gov. Tot	18.8	22.3	25.7	41.1	41.2	27.0	27.2	30.2	25.4
Gov. Ave.	0.7	0.9	1.0	1.1	1.1	0.7	0.8	0.8	0.7
Opp. Tot.	11.4	6.6	9.6	2.6	1.1	2.3	6.3	3.5	4.0
Opp. Ave.	0.6	0.3	0.5	0.4	0.2	0.3	0.4	0.2	0.3
Gov/Opp	1.2	2.5	2.0	2.9	6.9	2.2	1.9	3.8	2.8
Cab. Tot.	14.4	16.4	14.7	17.8	21.2	14.0	20.1	23.7	19.2
Cab. Ave.	1.0	1.1	1.0	0.9	1.1	0.7	0.9	1.1	0.9
Cab/Opp	1.6	3.1	1.9	2.4	6.8	2.1	2.3	4.9	3.5

In \$ Millions per year

side, the index of partisanship would be as high in 1982 as it was in 1981.<sup>22</sup> On the Government side the spending was widely spread, with each district receiving funding each year, with the exception of Stephenville and Port de Grave. On the Opposition side only nine out of nineteen districts were funded each year. Bellevue was never funded, and Carbonear, Fogo, Grand Bank, Port au Port and Torngat Mountains received funding only one year. Grand Bank, which had been funded yearly prior to the 1979 election became an Opposition district after the election and was almost totally cut off. St. Barbe, which had also switched sides saw its funding dwindle, then disappear completely in 1982. On the other side Fortune Hermitage which had gone from Opposition to Government tripled its loan amounts. Some districts, like Burgeo Bay D'Espoir switched to the Government side without doing appreciably better. But there were very few of these. No district went from the Opposition ranks to the Government side without at least receiving the same amount of funding as it did previous to the election. The treatment afforded districts that switched from the Government to the Opposition side is the strongest evidence we have that political bias was at work in the process (See Chapter 5).

On a municipality by municipality basis, the large towns still accounted for a large share of the capital loan guarantees. Corner Brook, Conception Bay South and Grand Falls did especially well in these years. However even more small towns and

---

<sup>22</sup>The recalculated index with Baie Verte-White Bay on the Government side would be between 3 and 4.



communities are also receiving funding. On a per capita basis, North West River fared best with over \$3,000 approved per capita, a pattern that was repeated in later years in other Labrador communities. Cartwright, for example was the next most expensive installation based on population. On the Island, Trinity in Bonavista Bay and Pilley's Island in Green Bay were the next most expensive per capita. Green Bay as a whole had four very expensive installations, ones that cost more than one thousand dollars per person, during this administration. The pattern of approving loans for small communities that had little chance to repay their loans continued. So did the partisan bias.

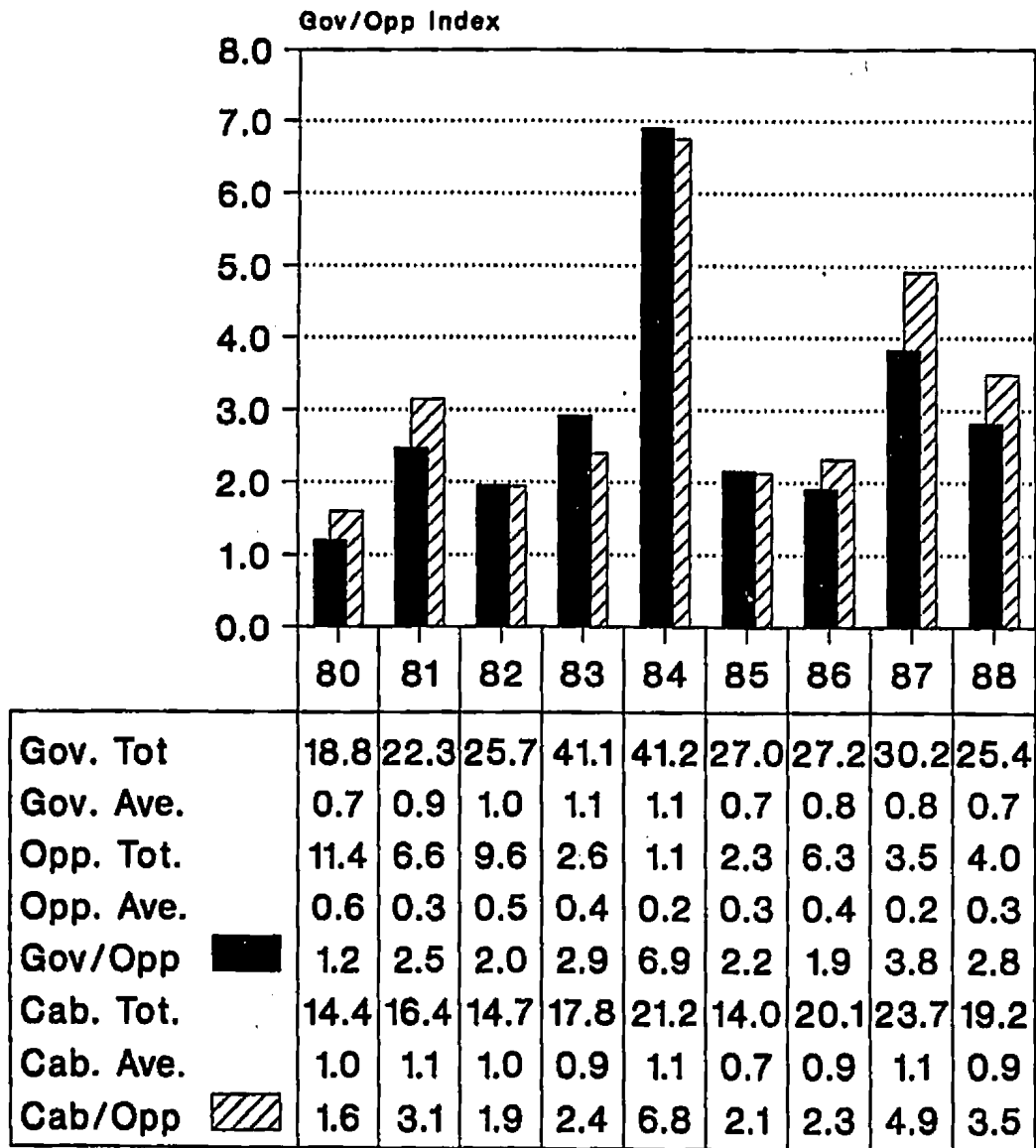
The Blake study of LIP spending found that cabinet members' ridings received more funding than other districts, controlling for both socio-economic factors and the party of the member (Blake 1974, 26). To test if the same ministerial bias existed in the Newfoundland municipal capital works spending, we tested whether the districts represented by cabinet ministers as a group yielded a higher partisan index score than did Government districts as a whole.<sup>23</sup> (See figure 4.2) The cabinet ministers' districts received more funding than the Government members as a whole in 1980 and 1981, but about the same in 1982. From 1982 to 1985 Cabinet Ministers received roughly the same as backbenchers and received slightly more from 1986 to 1988. Thus, for this period, Cabinet representation did not appear to be a crucial factor in the relative

---

<sup>23</sup>This index was calculated by dividing the average allocation for cabinet ministers districts by the average allocation for Opposition members as a whole.

Figure 4.2

## Peckford Administrations Effect of Cabinet Representati



In \$ Millions per year

allocation of funds. This finding tends to undermine the conventional wisdom that a member has to be at the Cabinet table in order to obtain the maximum benefits for his or her district, at least with respect to municipal capital works spending.

### **B. The Second Peckford Administration: 1982-1985**

The second Peckford Administration was a time of macroeconomic experimentation through increased spending in capital works. Since the recovery from the 1982 recession was slow in Newfoundland, the Peckford Administration hoped to stimulate the economy in 1983 and 1984 by spending over \$40 million per year on municipal capital works (Newhook, 1991). Whatever the theoretical motivation for increased funding, allocations were no less skewed on partisan lines. The first two years of the administration were two of the three highest years for partisan bias. In 1983 the GOI index was 2.9, and in 1984 it ballooned up to 6.9, the highest in the study period by far. Even for 1985, a year in which spending returned to normal levels, the index is 2.2.

However a note of caution must be entered here. The 1982 election reduced the Opposition to a mere eight seats. With such small numbers, the characteristics of the districts may account for more of the variation. Two of the Opposition districts were on the coast of Labrador. Torngat Mountains was a district with access to the Labrador Native Agreement for funding. Eagle River, while large geographically, had a tiny population and may not have requested as much capital funding in those years as other

districts. Those caveats having been made, it is still notable that the Opposition districts received very little in the years after the 1982 election. Port au Port received nothing during this time period. Bellevue received a mere one tenth of the average for Government districts, Eagle River one third, Fogo one fifth, and Strait of Belle Isle less than half. Only the Opposition district of Lapoile received same funding as Government districts.

Meanwhile all the districts that went to the Government side in the 1982 election increased their funding. After receiving nothing in 1979 and 1980 as a Liberal District Carbonear received over \$2 million in these years. Grand Bank received almost \$2 million up from \$36 thousand in total in the previous three years. Lewisporte almost doubled its loans in the next three years. St. Barbe's funding quadrupled once it changed hands. Terra Nova was Liberal coming out of the 1982 election, and received less than half a million dollars in 1983. Once, however, it became Tory in the 1983 by-election the funding increased to one and a half million dollars per year in the next two years.

Among districts the biggest recipient of funding is Conception Bay South, where over \$8 million was spent in the Town of Conception Bay South in these three years. Even as a double district represented by two members it did well.<sup>24</sup> In addition to an active lobby from its MHA's and elected town council the Town of Conception Bay South had long roads that were sparsely settled, requiring expensive facilities to service.

---

<sup>24</sup>Part of the sprawling municipality of Conception Bay South was in the District of Conception Bay South, and the rest of the district is in Harbour Main Bell Island for most of the time we are examining. Harbour Main-Bell Island also contains several other small communities.

In Harbour Grace over \$7 million was spent, In Green Bay \$7 million, in Twillingate over \$5 million, and in Bonavista North over \$4.7 million was spent. Kilbride and Mt. Scio on the edges of St. John's were also treated well.

Much of the spending in this period shifted to predominately rural districts. Only a modest amount went to Corner Brook (\$5 million), Grand Falls (\$8 million), Stephenville (\$1 million), Conception Bay South (\$7 Million) and Labrador City (\$1 million). Large amounts went to places like Triton and Little Bay Islands, especially on a per capita basis. In Happy Adventure, for example, over \$4,000 per person was spent to put in a water system for about seventy families. The same kind of expense was incurred in putting water systems into Nippers Harbour, Trinity, Plate Cove East, Pinware, Appleton, Upper Island Cove and Brigus.

For the first two years of this administration Hazel Newhook was the minister. In the fall of 1984 Norman Doyle became the minister and was responsible for the spending that was secured in 1985. In that year the partisanship ratio returned to the more normal level of 2.2.

### **C. The Third Peckford Administration: 1985-1989**

In the last three years of the Peckford era (1985-1988) capital works spending declined. From over \$40 million in 1983 and 1984, the loan totals declined to the \$30 to \$35 million range. In terms of real spending power, the lowest since the Tories took office in 1972. (See Figure 2.1) The total available for rural districts was further reduced when almost \$7 million was allocated to St. John's for the first time thus reducing the yearly total by \$2 million. The partisan bias continued however. In 1986 the GOI index dropped to 1.9 the lowest in six years, but it rose again in 1987 to 3.8 and then fell to 2.8. Again the districts represented by Cabinet Ministers received only marginally more than the Government districts as a whole.

In the 1985 election the Opposition parties' numbers almost tripled. In the process almost a dozen districts went into the Opposition ranks from the Government side. For almost all of them the result was considerably less municipal capital works funding in subsequent years. Bonavista North for example went from well over \$1 million a year before the election to less than \$400 thousand on average for the next three years. Fortune-Hermitage saw its total funding cut in half, while Gander went from an average of over one million to half that. Menihek went from \$2.5 million over three years to less than \$1 million. Mt. Scio, Naskaupi, Port De Grave, St. Barbe and Stephenville all dropped. Twillingate went from five million dollars over three years to less than one million. In this climate, switching to the Government side had a predictable beneficial effect.

Although the PC Government won no new districts in the election, Jim Hodder and Garfield Warren both crossed to the PC's from the Liberals just before the 1985 election. Port au Port was represented by Jim Hodder and went from no funding whatsoever in the second Peckford Administration to a total of \$1.4 million in the third. Torngat Mountains, Garfield Warren's district, received nothing from this capital works program after he switched, but was able to access special Labrador Federal-Provincial agreements for municipal capital works funding during this time period.

Although Grand Falls, Gander and Corner Brook receive some funds from the agreement, most of the money continued to be spread out among the smaller communities. For the first time, as well, St. John's had some of its loans secured by the *Local Authority Guarantee Act* and in the three years received almost \$7 million.<sup>25</sup> The inclusion of the St. John's data had the effect of increasing the GOI more than it would have in these years. The GOI index is approximately five to ten percent higher in these years than it would otherwise be.

Some of the smaller communities receiving large amounts per capita were Brent's Cove, Pacquet, Burlington, Irishtown, Summerside, Port Kerwin, Tilting, Garnish, Middle Arm, Little Bay, Lushes Bight, Brighton, Hughes Brook, Birchy Bay, Shoal Harbour and Cottesville. In Conservative Green Bay fifteen different communities receive funding, compared to four in Liberal Fogo and six in Liberal Strait of Belle Isle.

---

<sup>25</sup>St. John's districts are not included in this analysis, but it is worth noting that all were represented by Conservatives at this time

Since few of these rural communities were able to make significant payments on their loans when they came due, the funding to these districts more accurately resemble grants, grants that were distributed in a highly partisan manner.

Overall the funding in the Peckford years clearly supports the proposition there was strong partisan bias, exceeding that of the 1970s. The correlation with changing representation introduces a control against any notion that this difference arose from non partisan factors. The next Chapter will examine several districts that changed representation, as well as a sample of Opposition and Government districts that did not, to see if this conclusion that there was pronounced and persistent bias holds up on a district by district basis.



## 5. VARIATIONS IN THE DISTRICTS

The global analysis of capital works spending from 1973 to 1988 presented in Chapter 4 shows considerable variation in the amounts spent on Government districts versus Opposition districts. Over the seventeen year period Government districts almost always did better each year and over time, sometimes by a considerable margin. But variation between districts, be they Government or Opposition, was considerable. There was, for example, considerably more spent in Green Bay than Bay of Islands, yet both were Government districts throughout the period. The purpose of this chapter is to focus more closely on the experience of particular districts. This will refine and reinforce the overall argument of this thesis: that partisan factors were of overriding importance in determining levels of funding.

Individual districts will be examined in four distinct groupings. (See table 5.1) The first two include seven rural<sup>26</sup> and three urban districts that switched back and forth between the Government and the Opposition side of the House. In almost all cases switching from the Government to the Opposition side resulted in significantly more funding from the municipal capital works program. (See table 5.2) Often the difference was dramatic. The data also suggests that the when the representation changed the greatest effect occurred in the more rural districts. It may be that the larger town councils were more effective in lobbying the Government directly and were less

---

<sup>26</sup>For the purpose of this study, any district in which the two largest communities do not make up over half the population is considered rural.

**Table 5.1 - Districts Selected for Further Study**

**An X indicates the district was won by the Conservative Government in that election, and barring a by-election remained on the Government side until the next election.**

	1972	1975	1979	1982	1985
<b>Rural Swing Districts</b>					
Terra Nova	X				X
Baie Verte-White Bay				X	X
Twillingate				X	
Bonavista North		X		X	
Lewisporte	X			X	X
Port au Port	X				
St. Barbe	X	X		X	
<b>Urban Swing Districts</b>					
Carbonear	X			X	X
Gander	X	X	X	X	
Menihek	X	X	X	X	
<b>Government Districts</b>					
Green Bay	X	X	X	X	X
Harbour Grace	X	X	X	X	X
Humber Valley	X	X	X	X	X
<b>Opposition Districts</b>					
Fogo					
Eagle River					
Strait of Belle Isle					
Bellevue					

**Table 5.2 - Average funding for selected districts by representation  
In Thousands of Dollars Per Year**

	<b>Government</b>	<b>Opposition</b>
<b>Rural Swing Districts</b>		
Terra Nova	965	375
Baie Verte-White Bay	618	307
Twillingate	1,606	187
Bonavista North	1,514	750
Lewisporte	785	372
Port au Port	273	164
St. Barbe	360	196
<b>Urban Swing Districts</b>		
Carbonear	532	387
Gander	730	567
Menihek	611	157
<b>Government Districts</b>		
Green Bay	1,350	
Harbour Grace	1,168	
Humber Valley	919	
<b>Opposition Districts</b>		
Fogo		337
Eagle River		194
Strait of Belle Isle		503
Bellevue		106

dependent on the influence of their member to secure funding. The third and fourth groupings include districts that did not change sides in the study period. Three were Government districts and four were Opposition districts. The Opposition districts received very little over the seventeen year PC administrations, while the Government districts received much more.

**Table 5.3 - Total funding by district, 1949 To 1988**  
**Both Water and Roads Funding**  
**In Thousands of Dollars**  
**List of Districts and multiple Districts examined in the study.**

<b>District</b>	<b>Before 1973</b>	<b>After 1973</b>
Baie Verte-White Bay	3,980	11,794
Bay of Islands	0	9,021
Bellevue	1,315	1,697
Bonavista North	3,503	15,069
Bonavista South	700	12,524
Burgeo-Bay D'Espoir	3,435	4,966
Burin-Placentia West	2,395	12,180
Carbonear	2,634	8,187
Eagle River	0	3,105
Exploits	3,020	11,142
Ferryland	0	6,513
Fogo	1,824	5,406
Fortune Hermitage	1,065	6,510
Gander	2,845	11,928
Grand Falls	1,000	12,592

**Table 5.3 continued**

---

<b>District</b>	<b>Before 1973</b>	<b>After 1973</b>
Green Bay	1,163	21,603
HM-CBS <sup>27</sup>	0	25,131
Harbour Grace	1,790	18,699
Harbour Main(Non CBS) <sup>28</sup>	0	3,353
Corner Brook <sup>29</sup>	8,031	26,073
Humber East (NON CB) <sup>30</sup>	95	76
Humber Valley	2,015	14,708
Kilbride	0	7,642
Lapoile	2,266	7,673
Lewisporte	1,099	12,774
Menihek	0	6,729
Mount Pearl	1,905	10,409
Mt. Scio	797	10,685
Naskaupi	3,372	11,441
Placentia	2,238	8,985
Port De Grave	4,352	9,267
Port au Port	294	3,176
St. Barbe	625	8,187

---

<sup>27</sup>Funding for the Town of Conception Bay South which overlaps the districts of Conception Bay South and Harbour Main.

<sup>28</sup>Allocations to the communities in the district of Harbour Main that are not Conception Bay South.

<sup>29</sup>Allocations for Humber East and West except as noted elsewhere.

<sup>30</sup>The part of Humber East not in Corner Brook.

**Table 5.3 continued**

<b>District</b>	<b>Before 1973</b>	<b>After 1973</b>
St. George's	639	8,184
St. John's	0	12,382
St. John's East Extern	0	14,650
St. John's Metro	765	1,499
St. Mary's The Capes	1,074	4,198
Stephenville	1,600	2,632
Strait of Belle Isle	3,683	8,051
Terra Nova	956	9,087
Torngat Mountains	0	1,065
Trinity North	2,008	17,743
Trinity-Bay De Verde	2,030	9,756
Twillingate	1,453	7,539
Windsor Buchans	3,619	4,483
Total	77,558	440,514

#### **A. Rural Swing Districts**

##### **1. Terra Nova**

Terra Nova was a new rural district, created in 1975 out of parts of the Bonavista North and Bonavista South districts. At the time the north side of the district was represented by a Liberal and the south side of the district by a PC. Prior to its establishment as a district, very little water and sewerage construction had been done in

the district. Less than one million dollars had been spent there from Confederation to 1973. No funds were spent there in 1973 and 1974 while the communities were part of the other Bonavista Districts. In 1975 the Terra Nova district was won by Tom Lush, a Liberal who held the seat until he resigned after the 1982 election. In 1976 funding for Terra Nova matched the average for Government districts. (See figure 5.1) However funding collapsed in 1977 and 1978. It was only in the election period surrounding the 1979 election that funding was restored. By 1982, however it had again collapsed to almost nothing. When the district went PC in the November 1983 by-election, however, the money started to flow again. By 1985 it had caught up to the Government average and has either matched or exceeded the Government average thereafter.

Taken as a whole the experience in Terra Nova supports the conclusion that the levels of funding was based heavily on partisan criteria. It was only in the 1979-80 years when Neil Windsor was Minister of Municipal Affairs the district received considerably more funding. Terra Nova received an average of \$965 thousand each year while on the Government side of the house, and only \$375 thousand while on the Opposition side. (Table 5.2)

# Capital Works in Terra Nova Opposition District 1972-1983 Government District 1983-1989

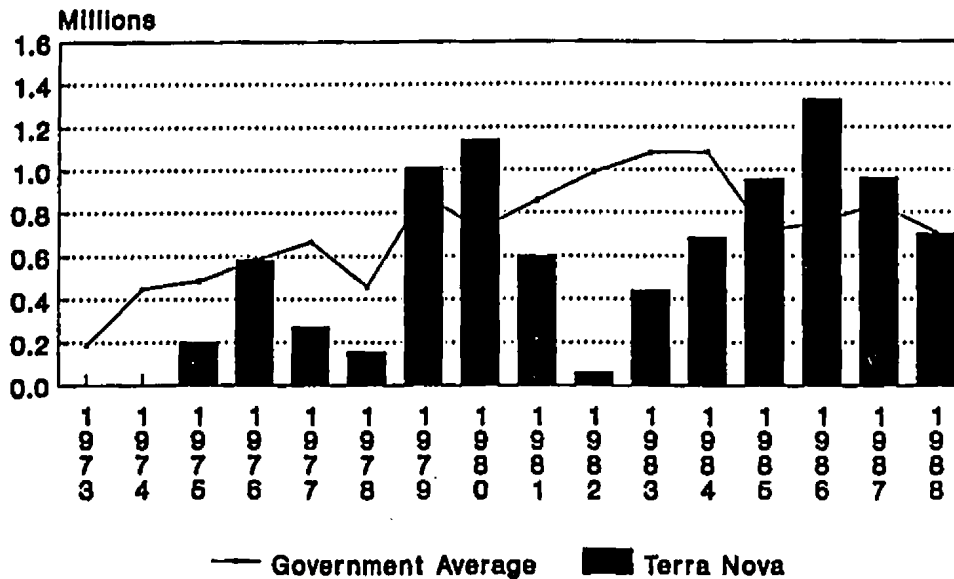


Figure 5.1

# Capital Works in Baie Verte-White Bay Opposition District 1972-1980 Government District 1980-1989

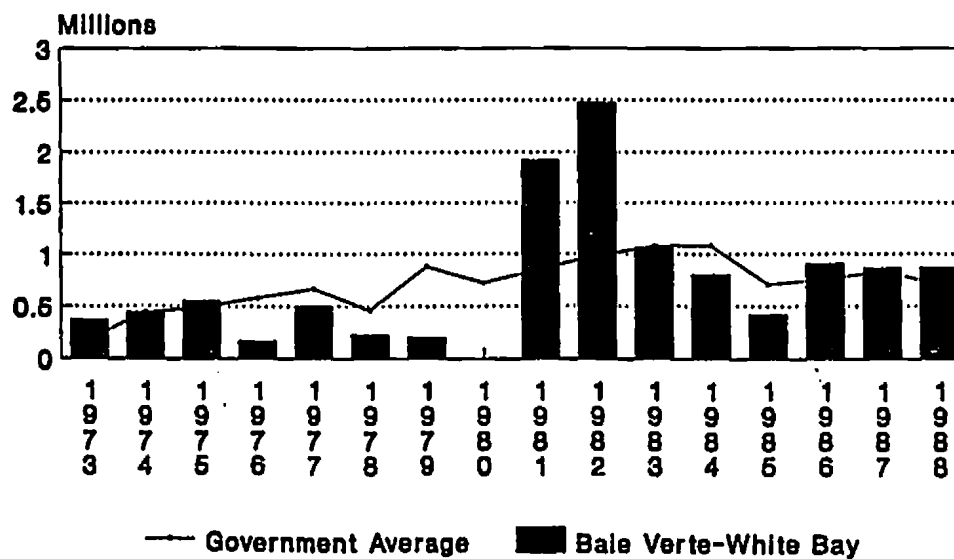


Figure 5.2



## **2. Baie Verte - White Bay**

Baie Verte - White Bay was created in 1975, primarily out of the old district of White Bay South. It is on the Northeast Coast, an area considered part of the Liberal heartland in the Smallwood era. In the 1972 election it remained Liberal, and again returned Tom Rideout, a Liberal, in 1975. Rideout would represent the district until 1990, but changed over to the PC's before the 1982 election. Rideout would go on to become a cabinet minister in the Peckford government, and later, would succeed Peckford as premier in 1989.

Of all the districts Baie Verte-White Bay offered the best opportunity for isolating the influence of party on capital works spending, since it was represented by the same man under two party labels. If the energy and interest of the member in securing capital works funding was an important factor, it was held constant in this district. Equally constant was the "objective need" for capital works in the district. Variations in funding levels should have been primarily the result of the party connections of the MHA, together, perhaps, with variations in initiative on the part of municipal representatives. In the early 1970s the district did relatively well, receiving as much funding as Government districts (See Figure 5.2). From 1976 to 1980, however, the district experienced a drought relieved only by slightly higher funding in 1977. Following Rideout's conversion to the PC party in 1981, however, it did remarkably well, exceeding the Government average every year but two. In the 1981-1982 years over four million dollars was spent on capital construction. The Liberal years were lean, the PC

years fat. The average funding for Baie Verte-White Bay rose from \$307 thousand per year in the Opposition ranks to over \$600 thousand while on the Government side.

### **3. Twillingate**

Twillingate has always been considered a bastion of Liberalism. During the study period it was represented by a Liberal or a Liberal Reformer (J. R. Smallwood in 1975) except for a three year interregnum from 1982 to 1985. In the 1985 election it returned to the Liberal fold. Again the results were dramatic. The capital works funding for the district was negligible for all but the three years from 1982 to 1985 when it was held by the PC's. In those years it did even better than the Government average. (See Figure 5.3) It did receive some funds as a Liberal District when Neil Windsor was Minister in 1979, and another amount in 1986 that may have been allocated to finish up projects started in the PC era. Other than that it was ignored almost completely. Funding for Twillingate is an anaemic \$187 thousand per year as an Opposition district, and a healthy \$1,606 thousand per year on the Government side. (See table 5.2)

### **4. Bonavista North**

Bonavista North was the ultimate swing district. From 1972 to 1985 it changed from the Government to the Opposition and back again every election. It was Liberal and on the Opposition side in 1972, went over to the PC's in 1975, returning to the Liberals in 1979. It then went back to the PC's in 1982 and finally back to the Liberals

**Capital Works in Twillingate**  
**Government District 1982-85**  
**Opposition District 72-82, 85-89**

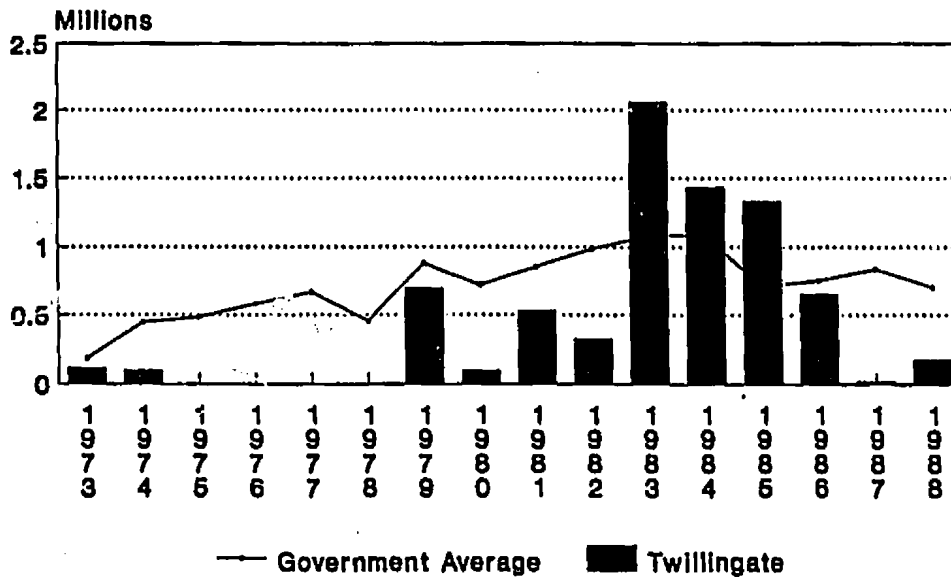


Figure 5.3

**Capital Works in Bonavista North**  
**Opposition District 72-75, 79-82, 85-89**  
**Government District 75-79, 82-85**

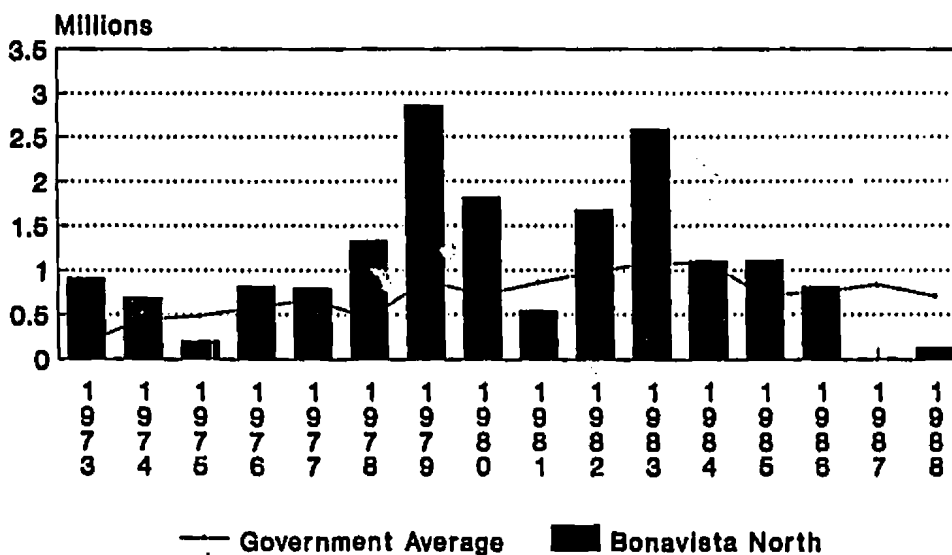


Figure 5.4

in 1985. Its ability to secure capital funding also swung back and forth. From 1972 to 1975 it received more than the average for even Government districts, but its funding had been greatly curtailed in 1975. (See figure 5.4) Once on the Government side funding picked up again, peaking in 1979-80 before dropping when it was turned over to the Opposition again. When the PC's recaptured the seat the funding resumed, only to be cut down again in 1986-87 and 1988. While represented by Opposition politicians it received \$750 thousand per year, but received twice that on the Government side. (See Table 5.2)

### **5. Lewisporte**

Lewisporte is another swing district, having returned a PC in the 1972 election, a Liberal in 1975 and 1979, and a PC in 1982 and 1985. The municipal funding reflects some of this activity, but there were periods when the District received considerable funding even while in Opposition. Prior to 1973 Lewisporte had received over a million dollars in guaranteed loans which indicates that municipalities were putting in infrastructure. In the 1973 to 1978 period little more was done, with nothing being spent in 1976 and 1977 when it was a Liberal district. (Figure 5.5) The exception is 1975 in which a \$2.2 million loan guarantee to Norris Arm was obtained. From 1977 to 1989, however, spending increased rapidly and kept up with the Government average, even in the Liberal years from 1975 to 1982. After a PC was elected spending from 1983 to 1988 was consistently above the average for Government districts.

# Capital Works in Lewisporte Government District 72-75,82-89 Opposition District 75-82

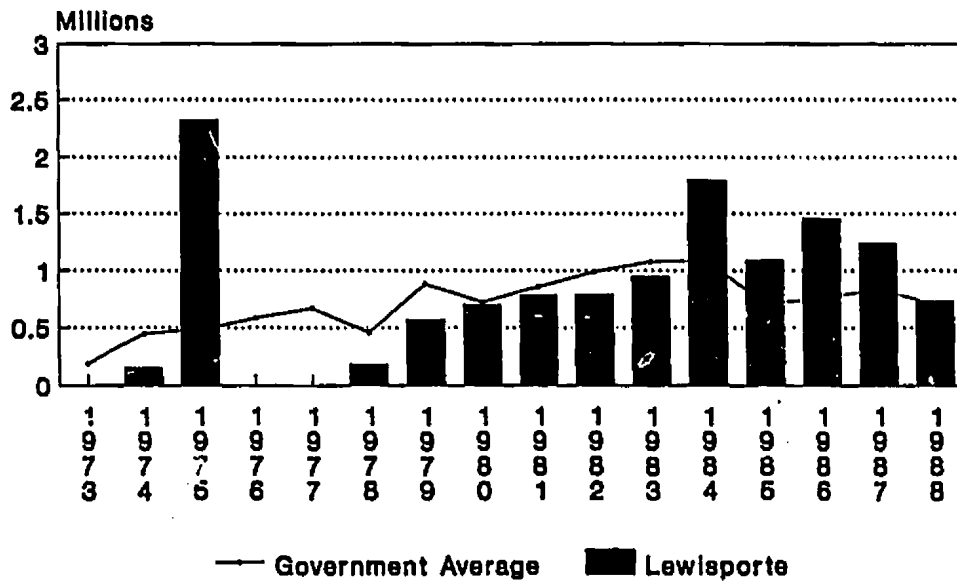


Figure 5.5

# Capital Works in Port au Port Opposition District 1975-1985 Government District 72-75, 85-89

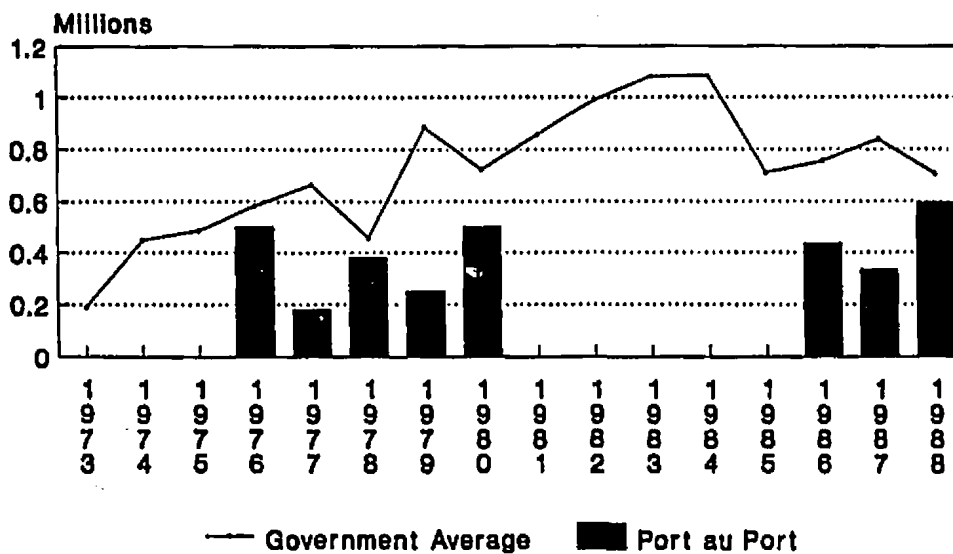


Figure 5.8

## **6. Port au Port**

If there is such a thing as a Cinderella district, it is Port au Port. In this period it ranks almost last of the districts on the Island <sup>31</sup> in total funding. Part the reason may be the low level of municipal organization on the Port au Port Peninsula. Half of the area is unincorporated and these areas were therefore not eligible for municipal capital works funding at all. Despite these anomalies, the evidence of systematic bias towards the district seems strong.

Port au Port as a district includes the Port au Port Peninsula, and the communities east of Stephenville leading towards the peninsula. Until 1975 it also included Stephenville. (Prior to the 1975 election the old Port au Port district was separated into two districts, Port au Port and Stephenville. Funding for Stephenville prior to 1975 is included with the Stephenville District.) First capital works funding was received in 1976, and continued at a modest level until 1980. (Figure 5.6) At this time the district was held by a Liberal, Jim Hodder, who had won it in 1975. From 1981 to 1985, however, the district was completely shut out when it came to funding for municipal capital works. Funding only resumed in 1986, 1987 and 1988, the three years after Jim Hodder crossed the floor to sit as a Tory in February of 1985. Despite this change,

---

<sup>31</sup> Because of the size and the low population of Eagle River and Torngat Mountains on the coast of Labrador, and because they had access to Native Agreements and the Coastal Labrador Agreement, they are not strictly comparable to the Island districts.

however, the funding for the district remained low when compared to the average for other Government districts. (Table 5.2)

### **7. St. Barbe**

St. Barbe is another swing district, that elected a Conservative in 1972 and 1975. A Liberal was elected there in 1979, a Conservative in 1982, and a Liberal in 1985. Funding for St. Barbe was minimal throughout the years, with less than \$5 million spent in the entire 17 years. (See figure 5.7) Some money was spent in the 1970s with 1979 being the best year. Funding dropped off considerably from 1980 to 1982, and picked up somewhat in the 1983 to 1985 time period when a PC held the seat. Funding after 1985 continued fitfully even though an Opposition member was in the seat.

### **B. Urban Swing Districts**

The next three districts examined are Carbonear, Menihek and Gander. Carbonear is a true swing district having gone from the Government side to the Opposition side and back again. The other two, Menihek and Gander, were Government districts from 1972 to the mid 1980s, only changing from the Government to the Opposition side in 1984 and 1984 respectively. Unlike the first seven districts examined, however, these districts have large urban communities in them with well established,

**Capital Works in St. Barbe**  
 Government District 72-79, 82-85  
 Opposition District 79-82, 85-89

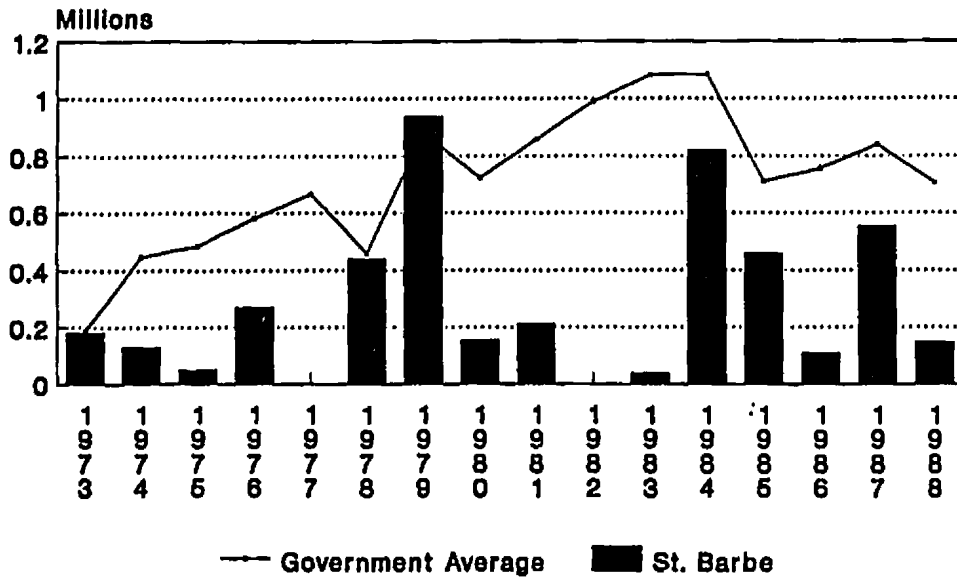


Figure 5.7

**Capital Works in Carbonear**  
 Government District 72-75, 82-89  
 Opposition District 75-82

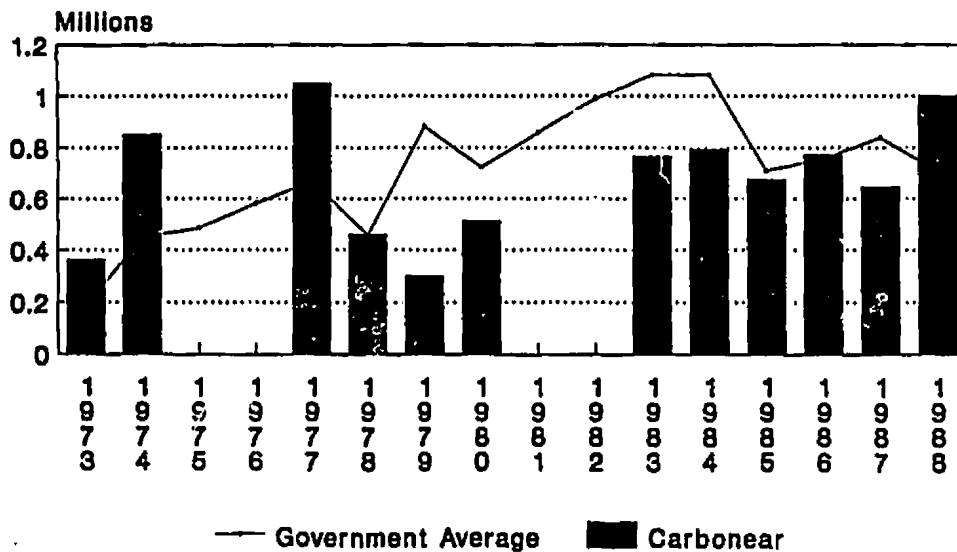


Figure 5.8



politically aware, municipal councils. They also had most of their water and sewer systems in place at the outset of the period under study and therefore sought capital funding primarily for road work. The road loans differ from the water and sewerage loans in that the municipality is required to pay back a fixed 40 percent of the loan. The Government pays the other 60 percent.

### **1. Carbonear**

Carbonear was a marginal District, having gone PC in the 1972 election, Liberal Reform in 1975, Liberal in 1979 and finally PC again in 1982 where it remained until 1989. The funding pattern reflects those changes. (See Figure 5.8) In 1973 and 1974 funding exceeded even the Government average with a Government member, then declined to nothing in 1975 and 1976 under Liberal stewardship. Unexpectedly, however, it did well in 1977 and 1978. From then on funding declined rapidly until a PC member was elected in 1982. From 1983 until 1988 Carbonear District received about \$800 thousand every year. It is possible to see some effects of political influence especially in the lean years of 1981 and 1982, but the evidence for that kind of bias is much weaker in the 1970s. The average received as an Opposition district is just under \$400 thousand per year, while the district received over \$500 thousand while on the Government side. This was a significant difference, but not nearly as large a difference as that experienced by the rural districts.

## **2. Gander**

Gander was a Government stronghold from 1972 until it was lost to the Opposition in 1985. It is a highly urban district with the large town of Gander (pop 10,000) being its main component along with several small settlements. Political influence is almost imperceptible in the allocation of funds for Gander. It did reasonably well over the seventeen year span, obtaining a total of about \$12 million in capital works loans. (Figure 5.9) It did especially well from 1974 to 1977 when Harold Collins was the MHA, less well from 1978 to 1981 and better again from 1982 to 1985 when Hazel Newhook, the local member, was Minister of Municipal Affairs. When it went to the Opposition side in 1985, it had a poor year in 1986, but it rebounded in 1987 and 1988. The highly urban nature of the riding may mean that the municipality itself had the kind of connections that were needed to overcome the normal partisan bias. In the 1983-88 time period (when loans were broken down in the data by purpose) about forty percent of the loans were for road work. Since the community must demonstrate the ability to pay back their 40 percent of the loan, many small communities could not apply for these loans. As a result there is less scope for political influence when a community is requesting mostly roads loans. Although Gander received about \$150 thousand more on average (Table 5.3) as a Government district than it did as an Opposition district, the difference is less than if it had been a rural district.

# Capital Works in Gander Opposition District 1985-1989 Government District 1972-1985

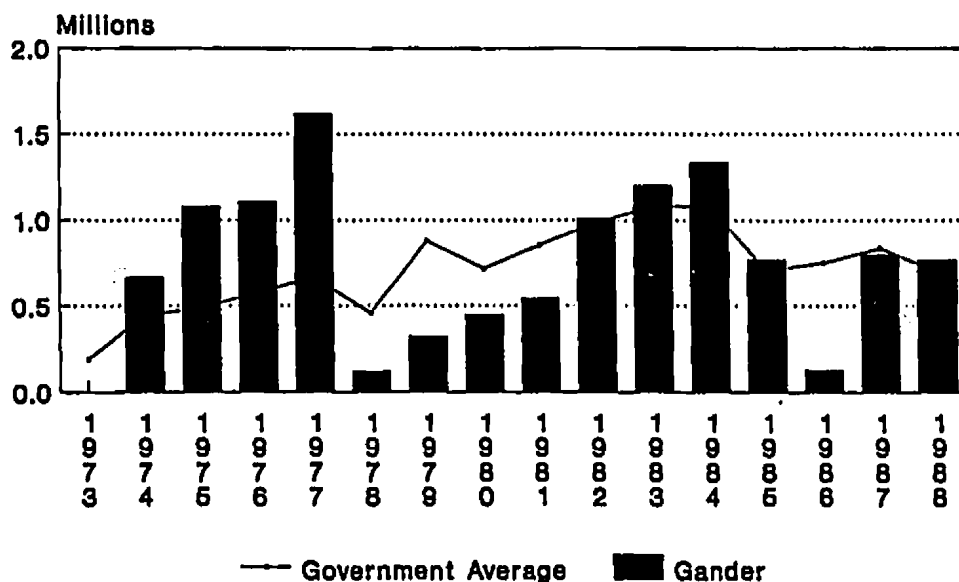


Figure 5.9

# Capital Works in Menihek Government District 1972-1984 Opposition District 1984-1989

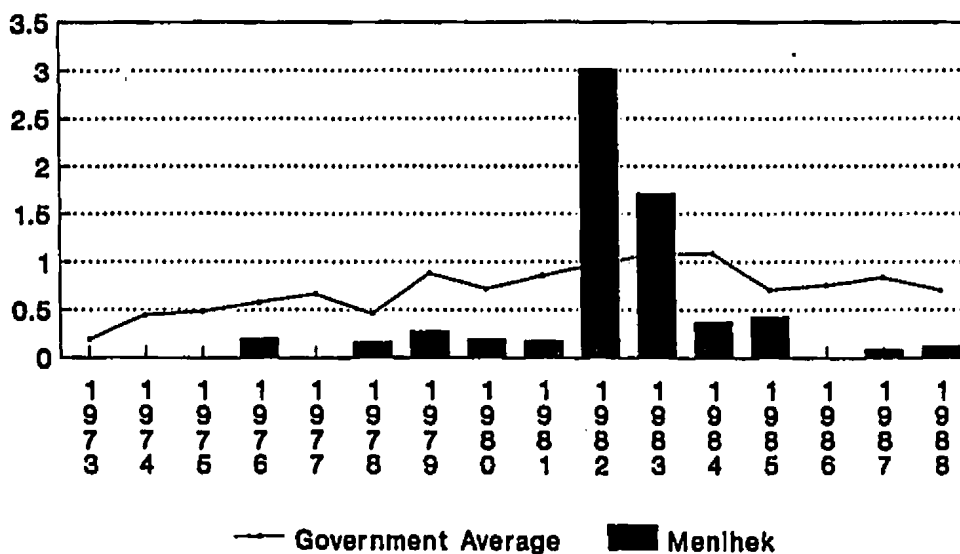


Figure 5.10

### **3. Menihek**

There are only two municipalities in the Menihek District, Labrador City and Wabush. Both are "company towns," built by the iron ore mining companies. Most of the basic infrastructure was installed by the companies and most requests in this period were for repairs, extensions and repaving programs. Capital works requirements for this district were thus relatively slight.

The district was represented by Government members from 1972 until a by-election in October 1984 turned the district over to the New Democratic Party (NDP). The NDP held the seat until the 1989 general election. The only significant borrowing for capital works occurred in 1982 and 1983 when \$4.5 million were spent on the water systems, primarily for sewage treatment facilities. (Figure 5.10) After the 1984 by-election, spending dropped to almost nothing.

### **C. Government Districts**

One of the Assistant Deputy Ministers (Haynes 1991) believed that funding would eventually taper off in Government districts as most of the work in the area that needed to be done was completed. These three Government districts have been selected to test that hypothesis, and to provide a comparison for the swing districts, and the purely Opposition districts that will be examined next.

The next three districts were on the Government side from the 1972 election until 1989. All three were a mix of rural and urban communities. Green Bay had a large trading

centre in Springdale, Harbour Grace had Harbour Grace and Spaniard's Bay, and Deer Lake had Deer Lake and Pasadena. The rest of the communities in these districts were relatively small.

### **1. Green Bay**

Green Bay was not a marginal district. From 1972 until 1989 it was represented by one man, Brian Peckford. From 1975 to 1976 Brian Peckford was Minister of Municipal Affairs, and from 1979 to 1989 he was Premier of the province. In 1973 and 1974 Green Bay received less, on average, than the other Government districts, (Figure 5.11) however after 1975 Green Bay received more municipal funding than any other single district in the province. In 1984, Green Bay received almost \$5 million. In every other year Green Bay received more than the average for other Government districts. Although considerable sums were spent in the large centre of Springdale, even more was spent in small communities such as Pilley's Island and King's Point. Contrary to the expectation of the civil servants, capital spending in Green Bay did not "taper off", but increased substantially in the 1984 to 1988 period. (Figure 5.11) Green Bay received an average of \$1.35 million per year over the entire seventeen year study period.(Table 5.2)

# Capital Works in Green Bay Government District 1972-1989 Premier's District 1979-1989

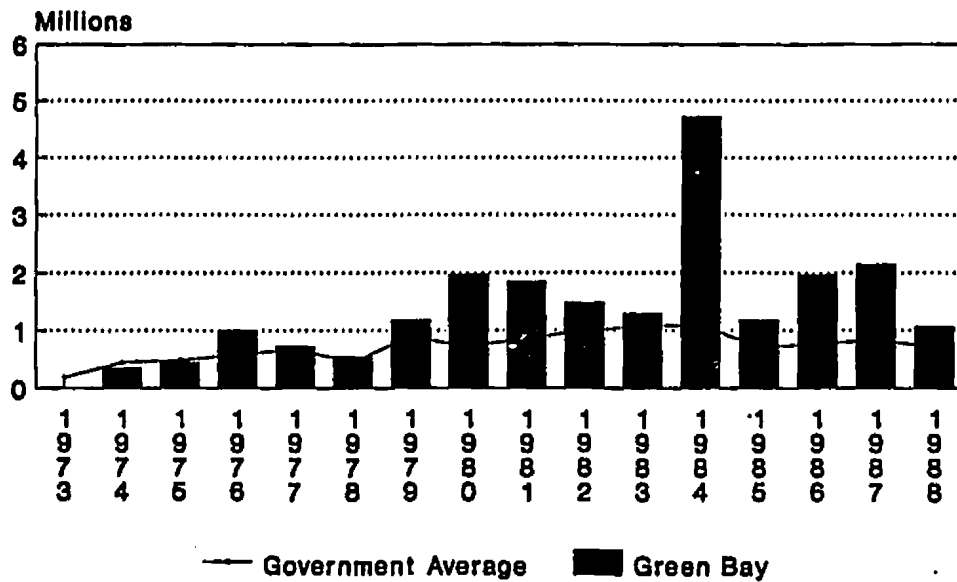


Figure 5.11

# Capital Works in Harbour Grace Government District 1972-1989

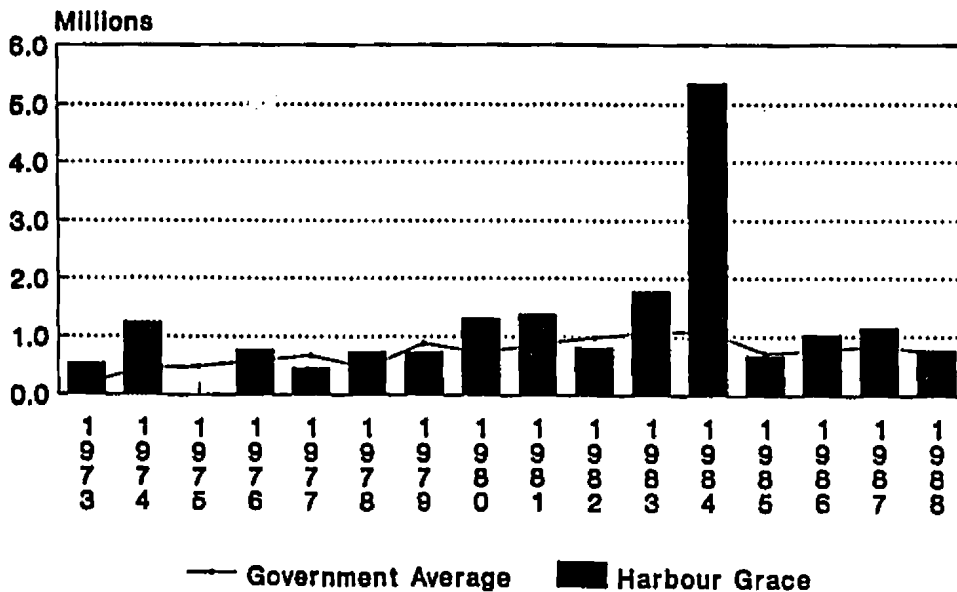


Figure 5.12

## **2. Harbour Grace**

Spending on Capital Works projects in Harbour Grace exceeded the Government average most years (Figure 5.12) with an exceptionally good year in 1984 when spending exceeded \$5 million. Harbour Grace received less than the Government average on only five occasions and received nothing only once in 1975. If Harbour Grace municipalities were completing most of what had to be done, there was no evidence of that in the late 1980s when the district received as much, if not more, than the Government average. Its average allocation of \$1.168 million per year (Table 5.3) is exceeded by few districts in the province.

## **3. Humber Valley**

Humber Valley is one of the Government districts that received a considerable amount of money during the PC administrations, a total of almost \$15 million. Much of it was received in the late 1970s and early 1980s tapering off in the mid 1980s and increasing again in the late 1980s. (Figure 5.13) Humber Valley averaged just over \$900 thousand each year.(Table 5.2)

## Capital Works in Humber Valley Government District 1972-1989

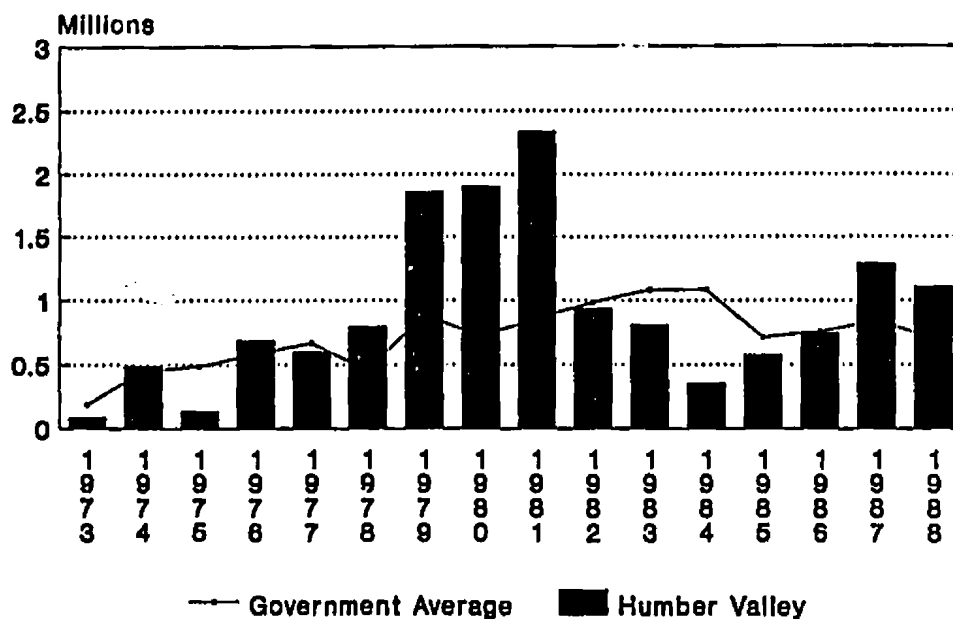


Figure 5.13

## Capital Works in Fogo Opposition District 1972-1989

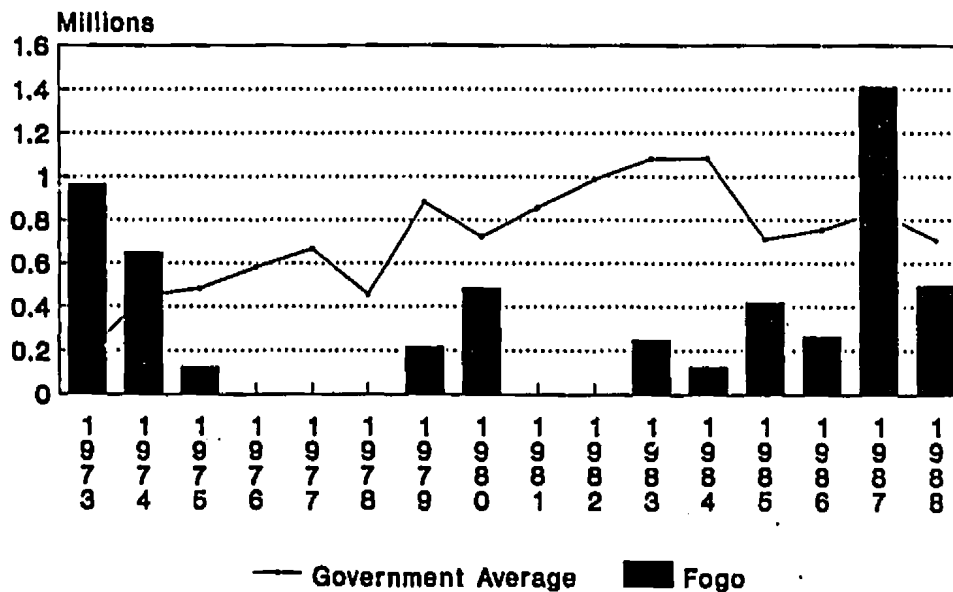


Figure 5.14



## **D. Opposition Districts**

The next four districts were on the Opposition side throughout the 17 year PC period. All three are relatively rural districts, with Eagle River the smallest in population with about half the population of an average district. Eagle River is also on the coast of Labrador and as a Labrador District is able to access funds from the coastal Labrador agreement for the construction of infrastructure. The other three districts are widely separated geographically. Strait of Belle Isle is on the Northern Peninsula adjacent to Labrador, Fogo is on the northeast coast north of Gander, and Bellevue straddles the Isthmus of Avalon connecting the Avalon Peninsula to the rest of the island.

### **1. Fogo**

Other than the early 1970s and in the year 1987, funding in Fogo was quite low. There were five years in which no funds were spent in Fogo on municipal capital works Programs. In most other years the amounts were minimal.(Figure 5.14) The overall average in Fogo is just over \$300 thousand. (Table 5.3)

### **2. Eagle River**

Eagle River was a small district that received significant funding in 1980, 1982 and 1983. (Figure 5.15) For the rest of the period under study it received virtually nothing. Even though the funding was relatively small, the funding on a per capita basis

### Capital Works in Eagle River Opposition District 1972-1989

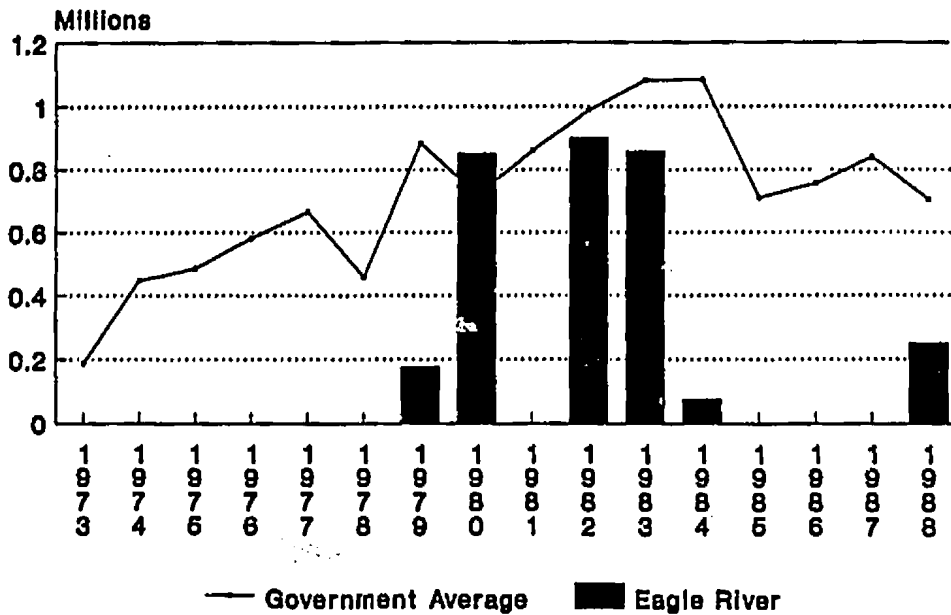


Figure 5.15

### Capital Works in Strait of Belle Isle Opposition District 1972-1989

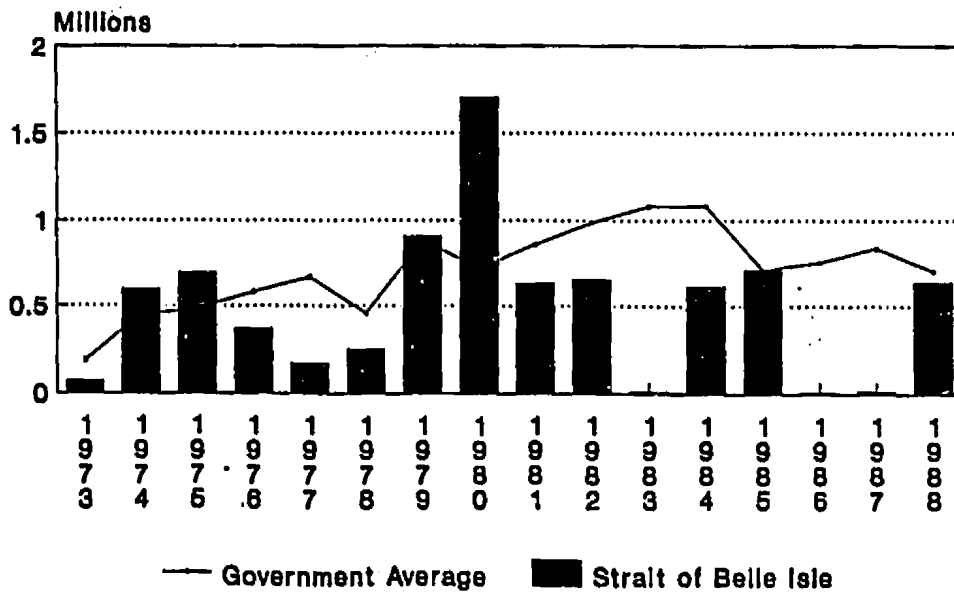


Figure 5.16

basis was often high. Pinware, for example, has less than 200 people and put in a water and sewage system that cost over \$4,000 per person.

### **3. Strait of Belle Isle**

The Strait of Belle Isle is the more urban of the Opposition districts we have examined, having St. Anthony with 3,000 people. Its funding was much less than the Government districts in all years but four, but it seems to have fared better than the more rural Opposition districts. (Figure 5.16) In the mid to late 1970s and in the 1980s the district failed to receive grants on a par with Government districts.

### **4. Bellevue**

Bellevue is a district created in 1975 from parts of the two Trinity Bay seats. One was then PC, and the other Liberal. In 1975 the seat was won by Wilson Callan, a Liberal Reform candidate who later joined the Liberals. He held the seat until 1979 when he stepped aside to let Don Jamieson, the new leader of the Liberal Party, run in his stead. When Jamieson later stepped down from the leadership and the seat, Callan regained the seat in an 1981 by-election. He then held the seat until he crossed the floor of the house in 1989 just before the general election when the Liberals were returned. During the period we are interested in the seat was Liberal, except for the part that was PC prior to redistribution in 1975.

Communities in the Bellevue District have done abysmally in getting capital works grants. Although they had some success in the mid to late 1970s they were excluded entirely from 1979 to 1982, and received little from then on. (Figure 5.17) For the entire period under study the district received an average of just over \$100 thousand per year, less than any other district in the province.

### Capital Works in Bellevue Opposition District 1972-1989

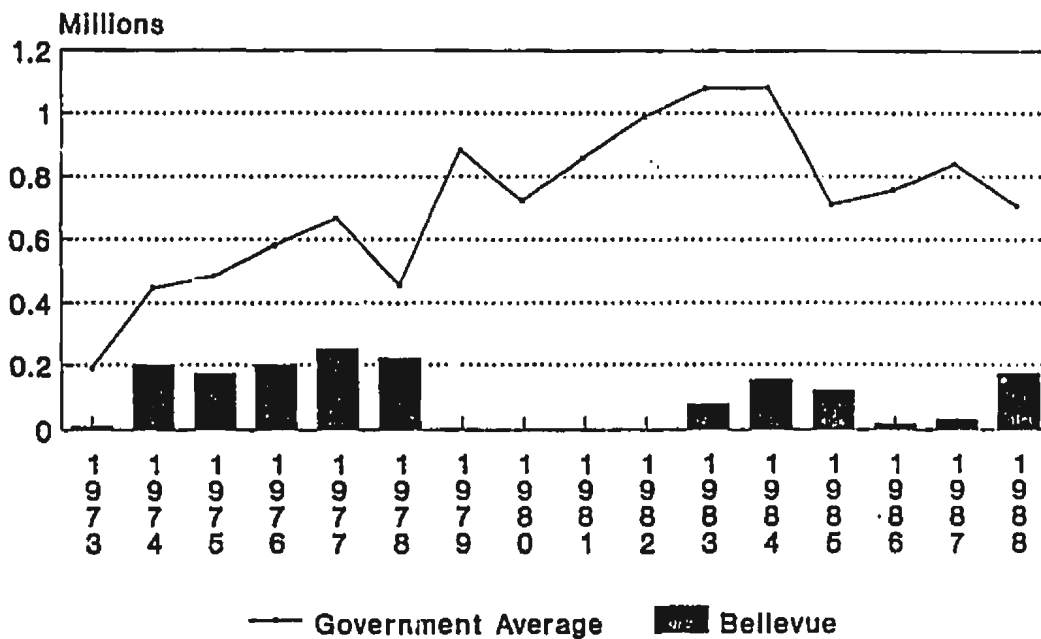


Figure 5.17

### **E - Summary of District Analysis**

In the seventeen cases discussed above it is clear that a district that changed representation could expect a significant change in the amount of municipal capital funding it received. Electing a Government member tended to result in additional funding; electing an Opposition member resulted in less funding. The same is also true for the districts that have not been examined in detail. Table 5.4 lists all the districts examined. It shows that only four districts managed to receive more funding on the Opposition side than they did on the Government side. Those districts were Exploits, Mt. Scio and Trinity Bay De Verde and Windsor Buchans. In Exploits, Buchans and Trinity Bay De Verde the amounts received while in Opposition are only slightly more than the districts received while in Government. Mt. Scio received considerably more while represented by an Opposition member, but it received most of that in the 1980s when water and sewer systems were being installed in one of St. John's fastest growing suburbs.

With these exceptions noted, all the rest followed the pattern of the districts we have already examined. Burgeo Bay D'Espoir almost doubled its funding on the Government side, Burin-Placentia West did better, Fortune-Hermitage more than doubled its funding, Grand Bank received almost five times as much. Conception Bay South, Lapoile, Naskaupi, Port De Grave, St. George's and Stephenville all received more funding when they were on the Government side of the House.

**Table 5.4 - Average Spending by District by Representation  
In Thousands of Dollars Per Year**

<b>District</b>	<b>Government</b>	<b>Opposition</b>
Baie Verte-White Bay	618	307
Bay of Islands	530	
Bellevue		106
Bonavista North	1 514	750
Bonavista South	782	
Burgeo-Bay D'Espoir	411	232
Burin-Placentia West	802	675
Carbonear	532	387
Eagle River		194
Exploits	728	762
Ferryland	407	
Fogo		337
Fortune Hermitage	505	219
Gander	730	567
Grand Bank	583	115
Grand Falls	786	
Green Bay	1,350	
HM-CBS	1,900	1,322
Harbour Grace	1,168	
Harbour Main	209	
Corner Brook	1,625	
Humber East (Non CB)	10	
Humber Valley	919	
Kilbride	477	
Lapoile	698	404
Lewisporte	758	372
Menihek	611	157
Mount Pearl	547	
Mt. Scio	583	871
Naskaupi	607	245
Placentia	561	
Port De Grave	813	616
Port au Port	273	164
St. Barbe	360	196
St. George's	672	139
St. John's	773	

Table 5.4 continued...

<b>District</b>	<b>Government</b>	<b>Opposition</b>
St. John's East Ext	915	
St. John's Metro	93	
St. Mary's The Capes	262	
Stephenville	172	161
Strait of Belle Isle		503
Terra Nova	926	375
Torngat Mountains		62
Trinity North	1,108	
Trinity Bay De Verde	542	617
Twillingate	1,606	187
Windsor Buchans	211	262

---

## **6. ACCOUNTING FOR THE VARIATIONS**

This study, to this point, has tested the hypothesis that differences in the allocation of municipal capital works funding in non-St. John's districts of the province over the period from 1972 to 1988 resulted to a significant degree from partisan bias. An index was created that demonstrated a province-wide bias in favour of Government districts over all but one year of the study period. In some years the bias was minimal, in others it was large. In one year, 1984, six times as much was spent in Government districts as in Opposition ones. Further district by district analysis of capital works spending showed that districts that switched to the Government side tended to receive more in funding, while districts that went to the Opposition tended to have their funding decreased. The most pronounced shifts in funding tended to occur in the rural districts rather than the urban ones. The districts that remained on the Opposition side during this time period received much less than Government districts, while the consistently Government districts tended to receive more (See Table 5.4).

During the span of this study the rural districts were overrepresented, that is they had smaller numbers of people in them than the urban districts in St. John's. This overrepresentation might have affected the analysis if one party or the other was predominately rural. Once the St. John's region is omitted from the analysis (as it was for reasons discussed elsewhere), there is no party that can claim to be rural or urban to a noticeable degree. While some predominately rural districts such as Strait of Belle Isle



remained Liberal throughout the period of time, other rural districts like Green Bay remained PC throughout the study.

Several further questions need to be addressed about this analysis. The first is: "Is it possible that the need was actually greater in the districts represented by the Government members?" The other questions centre on where and how the decision making process became biased. How did the civil servants determine which projects to recommend? What role did the Minister of Municipal Affairs play in the process? Did the caucus backbenchers influence the process, and if so, how? Did the premiers play an important part in the process? In this chapter I intend to shed some light on these questions.

### **A. The Greatest Need**

The lopsided distribution of capital works grants seemed obvious to the members of the Opposition as they attempted to secure capital works projects for the municipalities in their districts<sup>32</sup>. In the debates in the House of Assembly a number of arguments were used by the Government to counter charges of bias by the Opposition. The most frequently used argument was that even though the distribution may have looked biased, it, was actually just responding fairly to the areas with the greatest need. Sometimes the argument was extended by saying that this bias was an overdue attempt to make up for

---

<sup>32</sup>Personal Observation.

the bias the Liberals had shown prior to 1972 when they controlled the Government and were dispensing the "goodies."

Taking the second argument first, it is hard to argue that the Government was re-balancing the bias of the previous Liberal regime. For one thing the Liberal Party prior to 1971 represented virtually all the seats in the province. The Liberals won all but three St. John's seats in the 1966 election. Since St. John's has been excluded from this analysis, it cannot possibly be a factor. As well the amount of money spent prior to 1971 on this program was small in comparison to the spending in the period under study. If anything can be said of the rural districts of the province prior to 1972, it is that they were all equally neglected when it came to funding for municipal capital works.

The other argument, that the greatest need generally occurs in the Government districts is nullified by the evidence presented in Chapter 5. Swing seats received much less in years when they were represented by Opposition members than when they were represented by Government members. Perhaps the most convincing argument against this explanation is the way in which Baie Verte-White Bay was treated after Tom Rideout switched to the Government side, and the way Port au Port was treated after Jim Hodder crossed the floor. The funding in both districts went up significantly.

In 1989 the Department of Municipal Affairs released additional information that tends to weaken the argument that the money was going to the areas with the greatest need. The Department released a list reporting the amount of money, on a community by community basis, needed to complete the systems currently under construction.

Comparison of values on this list with the data on what had already been spent showed that both Government and Opposition districts had completed roughly the same proportion of their total projects. (See Table 6.1)

**Table 6.1 - Cost to Complete, 1989**  
**Total Cost, in millions of dollars, to complete**  
**All the water, sewer, and road projects currently identified**

<b>Districts</b>	<b>Cost to Complete</b>	<b>Spent to Date</b>	<b>Total Cost</b>	<b>Percent Complete</b>
Government	630	247	877	28
Opposition	324	104	428	24

Source: Newfoundland Department of Municipal Affairs 1989

The list included requests totalling almost one billion dollars. The amount requested by the municipalities can be compared to the amount that had already been spent. Government districts had spent 28 per cent of the total amount that was needed to complete their systems. Opposition districts, on the other hand, had only spent 24 per cent of what was needed to complete their systems. If need had been greater in the Government districts a smaller proportion of projects in Government districts should have been completed, not marginally more as was the case.

Table 6.1 shows the breakdown for districts as they were in 1988. If over the previous seventeen years funding had been going to the Government districts because their need was greater then they had clearly caught up. If the difference between the Government and Opposition districts proves anything, it proves that at least in 1988 the

Opposition districts were slightly more needy than the Government districts as measured by the percentage of their systems that were complete. If need were the criteria then in the 1985 to 1989 period the Opposition districts should then have received more than the Government districts. In fact the reverse was true.

### **B. Bureaucratic Influence**

Another explanation often used by Government politicians to explain the variation was that they were only following the recommendations of their senior civil servants. If there was a bias it originated with the civil servants. Interviews with four key officials (all now retired) revealed disagreement about the degree of political influence on the process (Withers, Corbett, Haynes, Mercer 1991).

All agreed that civil servants had significant input into the allocation process. Each spring the engineering division in Municipal Affairs sent out letters to the various communities asking them to submit their "wish list" for the upcoming year. A committee of civil servants then sorted the water and sewer proposals assigning them to one of three lists. The first list contained projects that must be funded because they were the ones that were in progress and needed additional funding to complete. These also included the projects that addressed great health risks. To be included in the first list the communities would also have to have their engineering design work complete. The second list contained proposals with the civil servants' priority for this year. It was these projects from the "B" list that accounted for the bulk of the spending in water and sewer

each year. The third list included proposals that were either too expensive for the benefit, or else had no engineering work done at all or were rejected for some other reason. Most of the civil servants interviewed said that proposals on the "A" high priority list usually received cabinet approval, but that political influence more often came to bear on the "B" list when projects that were not ready were pushed to the forefront. In some cases "C" list projects were approved.

Some civil servants claimed there was a lot of political manipulation of the lists (Corbett 1991, Haynes 1991), while others said there was very little (Withers 1991). In fact if the civil servant's tenures are correlated with the various ministers it becomes apparent that they were seeing different practices because the practices were in fact different. During the tenure of Neil Windsor the civil servants seemed satisfied with the allocation, but during the tenure of others they complained of excessive influence from the politicians. The civil servants who were in charge of the process in the 1980s were the most vocal in their complaints of political bias in the process.

### **C. Private Members' Influence**

To get re-elected Government backbenchers felt they needed an argument that would influence voters at election time. The argument most used by the backbencher was that he had the Government's ear and he could get things done in his district. The most tangible way to demonstrate that access was to get funds for capital works. Glenn

Greening explained how this worked in the 1983 by-election<sup>33</sup> in which he was first elected:

There wasn't any commitments, there was probably some promises -- now there is a very thin line there. The Premier of the day [Peckford] would say now what do you need for that district? If I'm going to get elected we've got to pave the road from Musgrave Town to Bunyan's Cove... I told them that if I got elected the road would be paved.... The election was in December (1983) the road got paved in June of 1984. As a result [that was] the first time I took Bunyans Cove and Cannings Cove by 66 percent. And the next election too. In 1982 [the previous election in which he had run] I had lost these towns. I have never lost Bunyans Cove since then.

Not only did roads get paved and water systems get installed, but local people found employment on the construction projects. In return the backbencher was reelected. As the MHA for Terra Nova Glenn Greening bluntly explained it: "I got elected to get water and sewer in my own district." One Minister of Municipal Affairs supported this contention (Doyle 1991). He stated that when the cabinet was putting together the final list of what was to be done in municipal capital works, the cabinet would always check to see that each member of the caucus had a project that they could announce. In one case the civil servants said they had to go to a project that wasn't even on the "C" list to find a project for this member's district (Haynes, 1991).

Greening admitted that a large part of his time is spent lobbying the Minister of Municipal Affairs to ensure that the projects he feels will help him are approved:

---

<sup>33</sup>Glenn Greening was a backbencher in the Peckford Administration from November 1983 to 1989 representing Terra Nova. He ran unsuccessfully in the 1979 and the 1982 election and was finally elected in 1983. Municipal capital works funding in his district increased after his election. (see Figure 5.1)

After that I would lobby the ministers any place that I would run into them, it could be a cocktail party, it could be driving in a car it could be anything. I would always edge my way in there and say I got to have this for Glovertown. And when I would hear through the grapevine that this was to be discussed at the cabinet meeting I'd always have at least one, sometimes more than one minister, not the minister responsible for the department but just another minister so that when the topic came up they would speak up and say don't forget Greening has got to have this particular area covered this year. The two I would ask to lobby for me, the two most effective were Jim Morgan and John Butt. John was a friend of mine.

Greening not only lobbied himself, but he also brought in delegation after delegation to meet with the minister to put their case, and then arranged for the ministers to visit with the councils in their communities.

Greening also indicated that some Opposition districts would be deliberately ignored:

Often now I was sitting down with different individuals, elected officials, who said the hell with them we gave them this we gave them that they didn't vote for us so write em off.

Greening reported that he had considerable influence when it came to other public works in his district:

They were going to build this particular bridge one million dollars, and I needed one million dollars to do a road. So I happened to talk them into cancelling the bridge and giving the money for the pavement. I just got them to change their priority.

Greening became an Opposition member in the 1989 election. Asked if the situation had changed since the Government changed in 1989 he said: "Quite a bit I

haven't got near the amount of funding I was getting... " He was defeated in the May 1993 election.

#### **D. Cabinet Influence**

There is a considerable amount of indirect evidence that the cabinet modified the list presented to it by the Minister of Municipal Affairs. Glenn Greening described how he primed cabinet ministers to lobby for his particular projects at the cabinet table. As well the statistical analysis of the global funding over the seventeen years of the PC administrations demonstrates that somehow the Government districts were receiving much more funding than the Opposition districts. More directly Norman Doyle described the winnowing down process in which the available projects are cut to fit the budget available. He admitted that it was much easier to cut an Opposition member's project than one of his own caucus. The best evidence, however, comes not from the politicians, but from the civil servants.

Wynward (Wynn) Haynes was Assistant Deputy Minister of Municipal Affairs from 1976 to 1988. As the ADM in charge of technical matters, he was on the committee that prepared the list for the minister to present to the cabinet. Later he was one of the officials who received the list back from the cabinet and then started the process to get the approved water and sewage systems built. Haynes explained that once the Minister had finished making his or her changes to the lists they would go to cabinet, sometime around the end of January. Finally about the end of June the approved lists



would reemerge from cabinet, then they would go out to the consultant and then to the municipality (Haynes, 1991) Haynes complained that

when it came back from Government there was no resemblance whatsoever as to what had gone on.... [The] A [list] didn't get changed. The B's and the C's did get mixed up. At least 50 percent of what was recommended from the cost point of view came back.<sup>34</sup>

Half the "B" list projects had been removed and replaced by lesser priority "C" list projects. If the "B" list was larger than the funds available, some projects had to be cut. If the funding was greater than the "B" list, some projects were added from the "C" list. This bargaining was done at the cabinet table.

Cabinet members were the ones that decided which projects were cut and which projects were added on, but the evidence in Figure 4.2 suggests that they did not fund projects in their own districts any more than in those of other members of their own caucus. As Haynes said about the cabinet:

They tended to say all right we won't leave Glenn Tobin out completely. He's got nothing and there's no priorities there but he's got to have his hundred thousand. Where can we put it. Oh he's got two friends and a house in Lewin's Cove or something we'll put it in there. Absolutely unnecessary.... these were not even on the B or C list. There was absolutely no need for them.. we knew there were only two house there. It's probably \$50,000 a house at least.

---

<sup>34</sup>When the submission went to cabinet it was divided into 5 lists. The first list, the "A" list contained about one to three million dollars worth of water and sewage projects. These covered the extreme emergencies and the debts to engineers and others that had to be paid. It was never tampered with. The "B" list would have up to 30 million dollars in water and sewage projects and was really the civil servant's recommended list. The "C" list could have up to 100 million dollars in water and sewer funding in it and was not recommended by the civil servants. The "D" list had about 4 million dollars in 60/40 cost shared roads projects on it and was the recommended list. The "E" list had the remainder of the roads projects.

For this study, because of the secrecy of cabinet documents, it was not possible to directly examine the list that went to the cabinet and compare it to the one that came back several months later. However Mr. Haynes reported that up to half the list was altered. He stated that the alteration in the lists occurred every year he was the ADM (1976 to 1988). The only year he can recall that the list was not changed was in 1989 when the Wells Liberal Government took over. By the time the Liberals formed a Government in May the list had to be released. Haynes thinks that the new Cabinet may not have had the time to change anything. He thinks that was unfortunate though: "Over all those years of the PC's being in there for so long the [Liberal] districts were completely neglected, and they were the priorities."

#### **E. Minister of Municipal Affairs Influence**

Apart from the Cabinet of all the parties to the decision on where funding should be allocated, the Minister of Municipal Affairs seems to have had the greatest influence. Immediately after Brian Peckford became the Minister of Municipal Affairs, funding in Green Bay increased substantially. The same thing happened to Gander after Hazel Newhook became the minister. Haynes also claimed that Minister of Municipal Affairs Norman Doyle was meticulous in ensuring that his own district was well looked after (Haynes, 1991). But the ministers influenced more than the sums expended in their own districts. They also defended the lists that their officials put together from undue caucus and Cabinet influence. In 1983 a committee of senior civil servants was created to assign

a priority to the projects on the lists coming in from the regional offices. The Deputy Minister of Municipal Affairs was the chairman. He, along with the two assistant deputy ministers of Municipal Affairs and representatives from Health and Environment made up the committee. Haynes described the mandate of the committee this way:

We judged priorities obviously from a health point of view... there was sewage running over the front lawn... Then we looked at the question of cost. In one place you've already got a system in there with water and sewer and with that \$100,000 you can connect another 20 houses at \$5,000 each that's worth doing. If you take that \$100,000 and put it into another district and you only get 3 houses at \$33,000 each... Basically we're trying to get as many people serviced in the country as possible. So that was a consideration we had. There were other considerations -- the quality of the consulting engineers we were using, and the previous experiences in that particular place.

Once the committee had finished with the list it went to the minister for further work.

The minister would then change two things. His particular district: he would be interested in getting the maximum for it. The second thing he would be interested would be to see that Green Bay<sup>35</sup>, of course, got as much as possible. Otherwise his particular district might get shot down. This was absolutely consistent the whole time I was there. [1976-88]

But there was also a steady stream of other members and community delegations lobbying the Minister.

Now of course the other members of his party would begin to realize that capital works were going on so you would see them drifting into his office. Then he'd come out and say can't we do something for Mister A or Mister Jones. So there was some changes there, but narrow changes. The

---

<sup>35</sup>From 1979 to 1989 Green Bay was the District represented by the Premier Brian Peckford.

minister then made a paper to Cabinet and presented it to Cabinet by the end of January.

The ministers had varying degrees of success resisting the pressure from their colleagues.

In Haynes opinion:

Winsor is a strong character and he would have resisted to a certain extent. [Hazel Newhook] was so nice. The fact that she was so decent and she probably got swayed by her colleagues more than any of the others. [Norman] Doyle was very political. His decisions were based on votes entirely. He insisted on water and sewage in areas where there was plenty of room for septic systems, but they had water systems.

When the ministers were ranked on their non-partisanship, using the bias index developed in Chapter 1 Harold Collins appeared the most evenhanded, actually favouring the Opposition districts in 1973. (See Figure 6.1) Val Earle and Neil Windsor were the next most evenhanded since their distribution was in the 1.5 range. Next is Jerry Dinn, followed by Charlie Brett, Norm Doyle and Brian Peckford. Last was Hazel Newhook whose tenure was marked by the most lopsided allocation of funds in the entire seventeen year history.

#### **F. The Premier's Influence**

From 1972 to 1979 Frank Moores was premier of the province and the member for Humber West, one of the two districts that make up Corner Brook. From 1972 until 1989, and all while he was the premier, Brian Peckford was the member for Green Bay.

## Government/Opposition Index By Then Minister of Municipal Affairs

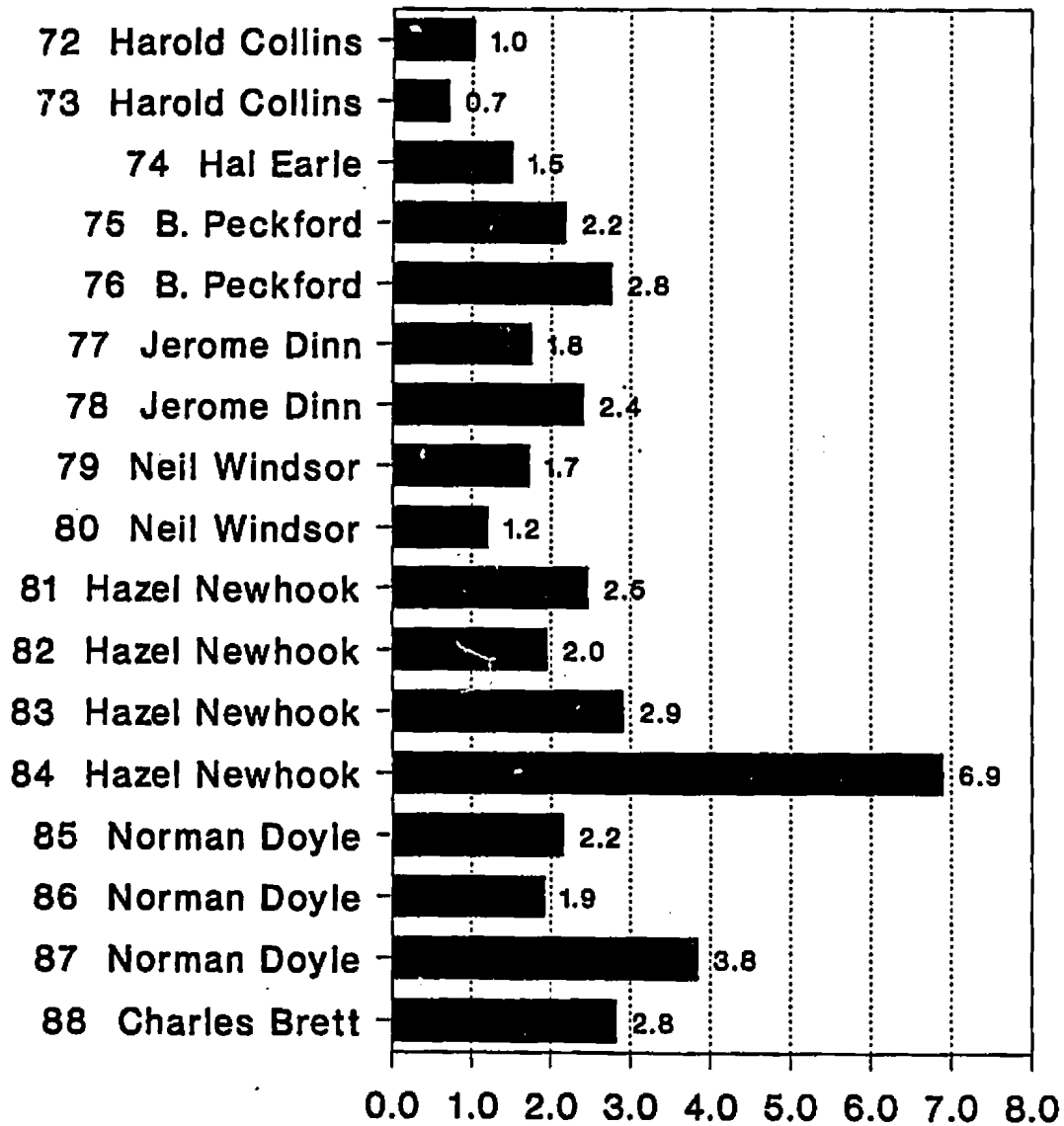


Figure 6.1

Several of the civil servants interviewed felt that the premier's district received favoured treatment, at least in the Peckford Administrations (Corbett 1991; Haynes 1991).

There is no doubt that Corner Brook received generous treatment while it was represented by Frank Moores. (Figure 6.2) However since the city was represented by two members the amount flowing to the premier's district was actually half the city total. This would mean that the money that went to the premier's district was only slightly above the average for Government districts. As well the sums spent in the district after 1979 when Moores left were comparable to the pre-1979 funding. In some years, like 1981, they were greater. If Moores influenced the distribution of funds it was not apparent in the figures.(Figure 6.2)

Brian Peckford's influence was another matter. When he was Municipal Affairs Minister the funds flowing into his district increased, and increased even further after he became Premier. (Figure 6.3) Green Bay had the distinction of having more capital works funds spent in it than any other district in the province.(See Table 5.3) Whether or not the premier was directly involved in the process is difficult to say. As we have seen Haynes suggests that the Ministers of Municipal Affairs were the ones responsible for seeing the premier's district received a generous amount of funding each year (Haynes 1991). Brian Peckford himself also claims that he took a strictly "hands off" approach to municipal capital works funding while he was premier (Peckford, 1991). There is thus no direct evidence which would prove that the premier himself caused funds to flow to his district so disproportionately.

# **Capital Works in Corner Brook** **Government Districts 1972-1989** **Premier's District included 1972-1979**

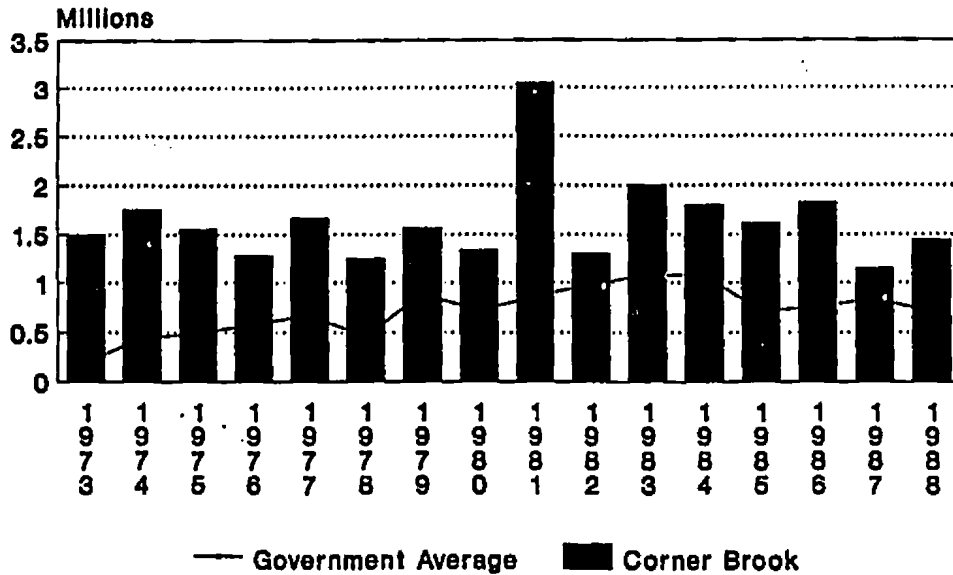


Figure 6.2

# **Capital Works in Green Bay** **Government District 1972-1989** **Premier's District 1979-1989**

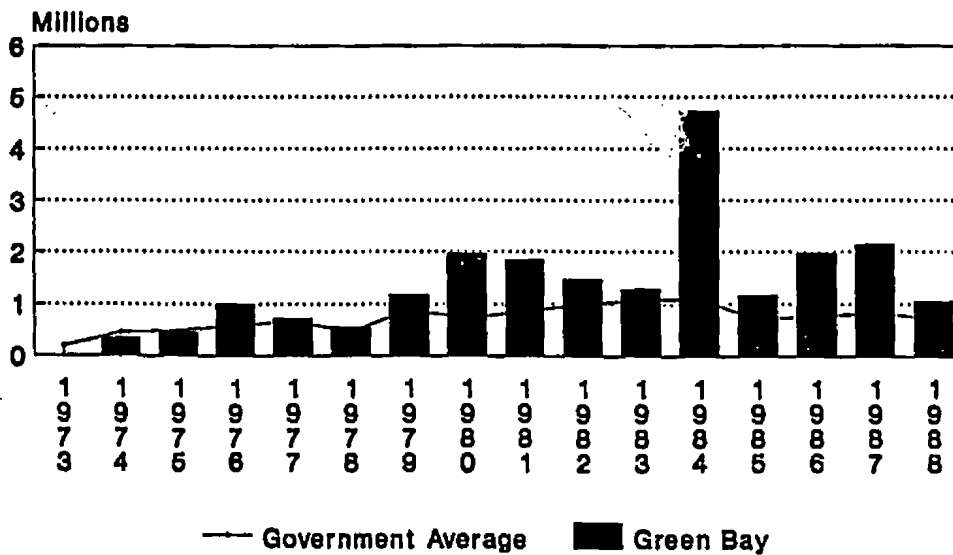


Figure 6.3

## **7. CONCLUSION**

### **A. Summary of Findings**

The question posed by this study is: "What partisan bias was there in the allocation of loans under the Newfoundland municipal capital works program from 1973 to 1988?" Analysis of the funding on a year by year basis showed that districts represented by Government members consistently received larger amounts of funding than Districts represented by Opposition members. Examination of a number of individual districts showed that when a district changed from being represented by an Opposition member to a Government member its funding invariably increased. When the representation change went from Government to Opposition, funding would decrease. This effect seems to be more pronounced in rural districts than urban districts. Districts represented by Opposition members for the entire study period received very little funding, while districts that were permanently on the Government side received considerably more.

Interviews with civil servants established that after they had submitted lists based on the objective needs of the communities involved, the Minister, and then the Cabinet, had their input and changed the priority of up to half the projects submitted. It seems reasonable, therefore, to conclude that partisan political considerations dominated the decision making process when capital works funding was being allocated. The influence was most directly felt at the Cabinet level when the lists were finalized. The Premier's



district, especially in the Peckford Administration, received even more than the usual Government district.

The ministers of municipal affairs also appeared to play a part, not only in ensuring their districts were looked after, but in moderating the degree of political influence. By and large the stronger the minister, as perceived by his civil servants, the more equitable the distribution of funding. The weaker ministers did not seem able to defend the decisions of their civil servants and ended up yielding to the requests of their Cabinet members and caucus colleagues.

The equity of funding also seems to be inversely related to the length of time the administration has been in office. In 1972 and 1973, at the start of the Moores' administration, funding was relatively evenhanded. Similarly the 1979 - 1980 years when Neil Windsor was minister were quite equitable. Later in the administrations the imbalance in the funding index became greater. What seems apparent is that the Cabinet makes more partisan allocations the longer they are in power.

## **B. Concluding Observations**

In 1933 Lord Amulree performed the most systematic investigation of the political life of Newfoundland. What he found shocked his British sensibilities. Witness after witness painted graphic pictures of the patronage riddled politics of Newfoundland. They talked of politicians out to buy votes with taxpayers money, and of a denominational system of allocating everything from schools to civil service jobs to Government

contracts. The tenor of the inquiry was that no matter what was done Newfoundlanders were not able to govern themselves in a professional, civilized way and must give up their corrupt democracy.

The practices of the Peckford Administration, as they relate to the allocation of municipal capital works funding, were they to come under Lord Amulree's scrutiny would, I am sure, also be condemned. The position of the Government MHA in 1933 was that of dispenser of patronage, and arbiter of what went where in the communities (Browne 1981, 97). Under the Peckford form of governance the Government MHA's position in rural districts seemed similar. Often it was the Government MHA who decided if a road was paved, or whether a town's sewage would be treated or its water purified (Greening 1991). At the very least the district represented by the Government MHA would have more municipal capital works spending in his district than would Opposition members. Voters were heavily pressured to support the Government candidate, or else watch their sewage run into the ditches for years more.

I would argue that these practices, so apparent to the rural voter, have done much to erode confidence in the whole political process. The political pitch of aspirants to political office is not that they are the best person for the job, but that as the Government member they could deliver the goods. We also have paid heavily for these acts of partisanship in another way. The municipal capital works program has run up debts of close to a half billion dollars (Newfoundland Department of Municipal Affairs, 1989). Interest must be paid on these loans by all taxpayers in the province, whether they enjoy

the clean water and paved roads or not. The people of Port au Port and Bellevue were systematically denied anything but minimal services in this Conservative Government years, but they have had to pay the interest and principal on loans to every little community in Green Bay. Even today (1993) most municipalities have only to pay a fixed share of their revenue towards their loans (recently it was 20 per cent). In a rural community in Green Bay this is likely to be less than five per cent of the total cost of the loans they have been granted. In other communities that were not so lucky they may be paying up to half the costs of their loans or more since they would have been granted less. At the same time they may be drinking polluted water, be exposed to open sewers and have to fight choking dust from their unpaved roads in the summer.

Looking back on the actions of these two PC Governments over the past seventeen years it is unfortunate that the opportunity to break with a history of partisan politics was lost. The Smallwood regime was accused of not living up to the opportunities to reform the political system given to it with Confederation (Pottle 1979). In the program studied here the Moores and Peckford administrations did not reform the political system either. In their handling of municipal funding they continued to foster the brokerage politics that had been the Newfoundland tradition for years.

Ultimately the entire system was able to thrive because of the peculiar nature of the *Local Authority Guarantee Act*. Ostensibly these loans were obligations of the community themselves, but the communities were unable to sell bonds on their own. The bonds had to be backed by the provincial Government. With no tax base most rural

communities were incapable of paying any more than a token amount on their loans. Since the provincial Government would then step in and pay most of the obligations for them, the loans ultimately became grants. Since the loan payments were tied to the capability of the community to pay rather than the size of the loan, the community had no incentive to do the work as economically as possible. On the contrary, there was a bonus for sinking deeper into debt. That bonus was a better water system or more paved roads.

The former Ministers of Municipal Affairs, who because of their election defeat in 1989, are now Opposition members, claim that the system has not really changed much. They claim that just a short two years into their mandate the Liberal Government is now doing to the PC's what the PC's were doing to the Liberals all along (Windsor 1991; Doyle 1991).

### **C. Recommendations for Further Study**

This thesis is based on research into a specific program. That research and the analysis were performed using a computerized database. Because one doesn't always know what one is going to find, more is encoded than is actually needed. That presents opportunities for further research using the same database.

It should be possible to isolate a half dozen of the communities that received enormous sums for their systems on a per capita basis, and explore why they were funded. Tilting, in Fogo District, is a good example: Its cost to complete is going to

be enormous, yet despite the warnings from the civil servants, it was funded (Corbett, 1991). The civil servant explained it by saying the mayor of the community was a personal friend of the Premier and used that influence to secure funding.

In Fogo [in the community of] Tilting the chairman of the council got a 5 million [dollar] water system... The Premier had approved the money. Joe McGrath was a personal friend of the Premier it came clear out of the blue to us. There are only 200 to 220 people there [Census actually 414 in 1986]. It costs something like 70 or 80 thousand dollars a family there (Corbett 1991).

There is also the possibility of examining the awarding of capital works projects on a community by community basis. One backbencher told me there is an art to awarding public works so that it results in the best possible return at the ballot box. You must make the voters appreciative, without allowing other communities to feel left out and jealous (Greening, 1991).

Another area for research might be to examine whether or not an excessive allocation of capital works spending actually does deliver the votes at election time. It is my sense that it could be a two edged sword. One Minister of Municipal Affairs told me that getting a water system in his district in the early seventies cost him votes because the people would now have to pay local water fees (Earle 1991). MHA Glenn Greening of Terra Nova claims that water and sewage systems do nothing to get votes for the member. Pavement, he claims, is much more effective at delivering votes.<sup>36</sup>

---

<sup>36</sup>For those wishing to do further research on the database, a copy has been deposited with the Political Science Department at Memorial University of Newfoundland, or a copy can be obtained from the author by forwarding a formatted 3.5 inch floppy disk.

## REFERENCE LIST

- Blake, Donald E. 1976. "LIP and Partisanship, An Analysis of the Local Initiatives Program," *Canadian Public Policy*, 2 (Winter): 17-32
- Browne, W. J., 1981. *Eighty-four Years a Newfoundlander*. St. John's, Newfoundland: Hon. W. J. Browne.
- Crosbie, J. C., 1956. "Local Government in Newfoundland," *Canadian Journal of Economics and Political Science*, 22 (No. 3): 332-346
- Fenwick, Peter, 1984. "Witnesses to the Lord: An Analysis of the Testimony Presented to The Newfoundland Royal Commission 1933, Lord Amulree, Chairman," A paper prepared for Political Science 6610 at Memorial University of Newfoundland. Deposited in Centre for Newfoundland Studies, Queen Elizabeth II Library.
- Gold, Julius., and William L. Kolb, eds, 1964. *A Dictionary of the Social Sciences*, Toronto, Ont.: Collier-Macmillan.
- Graesser, Mark., 1991. *The 1989 Newfoundland Provincial Election: A Case of Partisan Realignment?* Paper prepared for The Annual Meeting of the Canadian Political Science Association, Queen's University, Kingston, Ontario, June 2, 1991.
- Gwyn, Richard., 1972. *Smallwood, the Unlikely Revolutionary*. Rev. ed. Toronto: McClelland and Stewart.
- Horwood, Harold, 1989. *Joey: The Life and Times of Joey Smallwood*. Toronto: Stoddart.
- Munro, John M., 1975. "Highways in British Columbia." *Canadian Journal of Economics*, 8: 192-204
- Neary, Peter, 1988. *Newfoundland in the North Atlantic World, 1929-1949*. Kingston and Montreal: McGill-Queen's University Press.
- Noel, S. R. J., 1971. *Politics in Newfoundland*, Toronto: University of Toronto Press.

- Perlin, George, 1971. "Patronage and Paternalism: Politics in Newfoundland." *In Social Space: Canadian Perspectives*, eds. D. I. Davies and Kathleen Herman, 190-196. Toronto: New Press.
- Pottle, H. I., 1979. *Newfoundland: Dawn Without Light*. St. John's, Newfoundland: Breakwater.
- Prowse, D. W., 1895. *A History of Newfoundland*. London, Macmillan and Co.
- Rowe, F. R., 1980. *A History of Newfoundland and Labrador*. Toronto: McGraw-Hill Ryerson.
- Simpson, Jeffrey., 1988. *Spoils of Power*. Don Mills, Ontario: Collins.
- Smallwood, Joseph R., 1973. *I Chose Canada*. Toronto: Macmillan.
- Smallwood, Joseph R. ed., 1981. *Encyclopedia of Newfoundland and Labrador Vol 1*, Newfoundland Book Publishers (1967) Limited.
- Spafford, Duff., 1981 "Highway Employment and Provincial Elections." *Canadian Journal of Political Science*, XIV:1 : 135-142

## INTERVIEWS

- Collins, Harold, 1991. Interview by author, 29 September, St. John's. Tape Recording.
- Corbett, Ronald, 1991. Interview by author, 26 September, St. John's, Tape Recording.
- Doyle, Norman, 1991. Interview by author, 28 September, St. John's, Tape Recording.
- Earle, Val, 1991. Interview by author, 2 October, St. John's, Tape Recording.
- Greening, Glenn, 1991. Interview by author, 27 September, St. John's, Tape Recording.
- Haynes, Wynn, 1991. Interview by author, 28 September, St. John's, Tape Recording.
- Mercer, Eric, 1991. Interview by author, 27 September, St. John's, Tape Recording.

Newhook, Hazel, 1991. Interview by author, 1 October, St. John's, Tape Recording.

Peckford, Brian, 1991. Interview by author, 1 October, St. John's, Tape Recording.

Winsor, Neil, 1991. Interview by author, 2 October, St. John's, Tape Recording.

Withers, Peter, 1991. Interview by author, 26 September, St. John's, Tape Recording.

## GOVERNMENT DOCUMENTS

*An Act To Make Provision For The Raising of Moneys by Certain Local Authorities. Newfoundland Statutes, 1952. Amended May 20, 1953, June 22, 1954, April 27, 1955, May 10, 1956. St. John's Newfoundland.*

*Local Authority Guarantee Act, Newfoundland Statutes, 1957. And amendments of February 21, 1958, July 6, 1959, July 5, 1960, March 13, 1961, March 20, 1962, June 20, 1963, June 10, 1964, April 15, 1965, 1966, April 25, 1967, May 23, 1968, May 13, 1969, June 18, 1970, June 2, 1971, June 5, 1972, May 1, 1973, May 21, 1974, June 25, 1975, June 11, 1976, June 17, 1977, November 21, 1978, June 6, 1980, August 17, 1979, July 14, 1981, December 3, 1982, December 21, 1983, June 17, 1986, June 19, 1987, July 1988, St. John's Newfoundland.*

Newfoundland Chief Electoral Officer, 1985. *Fortieth General Election, 1985, Report of the Chief Electoral Officer.*

Newfoundland Chief Electoral Officer, 1989. *Forty-first General Election, 1989 Report of the Chief Electoral Officer.*

Newfoundland Department of Municipal Affairs, 1984. *Listing of Government Guarantees (Municipal), Issued From April 1, 1983 to March 31, 1984, April 5, 1984*

Newfoundland Department of Municipal Affairs, 1985. *Listing of Government Guarantees (Municipal), Issued From April 1, 1984 to March 31, 1985, July 25, 1985*

Newfoundland Department of Municipal Affairs, 1986. *Listing of Government Guarantees (Municipal), Issued From April 1, 1985 to March 31, 1986, May 30, 1986*



Newfoundland Department of Municipal Affairs, 1987. *Listing of Government Guarantees (Municipal), Issued From April 1, 1986 to March 31, 1987*, April 9, 1987

Newfoundland Department of Municipal Affairs, 1988a. *1985/86 Capital works Program sorted by Electoral District*, June 21, 1988

Newfoundland Department of Municipal Affairs, 1988b. *Listing of Government Guarantees (Municipal), Issued From April 1, 1987 to March 31, 1988*, May 3, 1988

Newfoundland Department of Municipal Affairs, 1989. *Listing of Funding Required to Complete All Projects*, February 1989

Newfoundland Department of Public Works and Services, 1988. *Historical Statistics of Newfoundland and Labrador Vol II (V)*, February, 1988

*Report of the Newfoundland Royal Commission*, 1933. Lord Amulree, chairman. London. Cmd 4480

*Report of the Royal Commission on Municipal Government in Newfoundland and Labrador*, 1974. H. J. Whalen chairman. St. John's.

## **Appendices**

## **Appendix A - List of Informants**

**Collins, Harold, Interview with, September 29, 1991**

**Corbett, Ronald, Interview with, September 26, 1991**

**Doyle, Norman, Interview with, September 28, 1991**

**Earle, Val, Interview with, October 2, 1991**

**Greening, Glenn, Interview with, September 27, 1991**

**Haynes, Wynn, Interview with, September 28, 1991**

**Mercer, Eric, Interview with, September 27, 1991**

**Newhook, Hazel, Interview with, October 1, 1991**

**Peckford, Brian, Interview with, October 1, 1991**

**Winsor, Neil, Interview with, October 2, 1991**

**Withers, Peter, Interview with, September 26, 1991**

## **Appendix B -- Administrations**

<b>Administration</b>	<b>Start Date</b>
First Smallwood Administration	May 27, 1949
Second Smallwood Administration	November 26, 1951
Third Smallwood Administration	October 2, 1956
Fourth Smallwood Administration	August 29, 1959
Fifth Smallwood Administration	November 19, 1962
Sixth Smallwood Administration	September 8, 1966
Seventh Smallwood Administration	October 28, 1971
Transitional Moores' Adm.	January 18, 1972
First Moores' Administration	March 24, 1972
Second Moores' Administration	September 16, 1975
First Peckford Administration	March 17, 1979
Second Peckford Administration	April 6, 1982
Third Peckford Administration	April 2, 1985
Rideout Administration	March 17, 1989
First Wells Administration	May 5, 1989

### **Appendix C - Ministers of Municipal Affairs**

<b>Minister</b>	<b>Date of Appointment</b>
Harold Collins	January 18, 1972
H. R. V. Earle	May 2, 1973
A. B. Peckford	October 7, 1974
Jerome Dinn	September 10, 1976
Neil Windsor	October 20, 1978
Hazel Newhook	August 18, 1980
Norman Doyle	October 2, 1984
Charles Brett	January 6, 1988
Robert Aylward	March 27, 1989
Eric Gullage (Liberal)	May 5, 1989

**Appendix D -- Districts listed by Political Representation**  
**Government Districts marked X**

<b>District</b>	<b>1972</b>	<b>1975</b>	<b>1979</b>	<b>1982</b>	<b>1985</b>
Baie Verte-White Bay				X	X
Bay of Islands	X	X	X	X	X
Bellevue					
Bonavista North		X		X	
Bonavista South	X	X	X	X	X
Burgeo-Bay D'Espoir	X			X	
Burin-Placentia West	X			X	X
Carbonear	X			X	X
Eagle River					
Exploits	X		X	X	X
Ferryland	X	X	X	X	X
Fogo					
Fortune Hermitage	X		X	X	
Gander	X	X	X	X	
Grand Bank	X	X		X	X
Grand Falls	X	X	X	X	X
Green Bay	X	X	X	X	X
HM-CBS	X		X	X	X
Harbour Grace	X	X	X	X	X
Harbour Main	X	X	X	X	X
Corner Brook (Hum E & W)	X	X	X	X	X
Humber East (Non CB)	X	X	X	X	X
Humber Valley	X	X	X	X	X
Kilbride	X	X	X	X	X
Lapoile	X				X
Lewisporte	X			X	X
Menihek	X	X	X	X	
Mount Pearl	X	X	X	X	X
Mt. Scio	X	X	X	X	
Naskaupi		X	X	X	
Placentia	X	X	X	X	X
Port De Grave	X		X	X	
Port au Port	X				X
St. Barbe	X	X		X	
St. George's	X		X	X	X
St. John's	X	X	X	X	X

<b>District</b>	<b>1972</b>	<b>1975</b>	<b>1979</b>	<b>1982</b>	<b>1985</b>
St. John's East Ext	X	X	X	X	X
St. John's Metro	X	X	X	X	X
St. Mary's The Capes	X	X	X	X	X
Stephenville	X		X	X	
Strait of Belle Isle					
Terra Nova	X				X
Torngat Mountains					
Trinity North	X	X	X	X	X
Trinity Bay De Verde	X			X	X
Twillingate				X	
Windsor Buchans	X			X	

# NEWFOUNDLAND PROVINCIAL & FEDERAL ELECTORAL DISTRICTS 1979-1980

## PROVINCIAL DISTRICTS

- |                         |                             |
|-------------------------|-----------------------------|
| 01 Baie Verte-White Bay | 14 Fortune-Hermitage        |
| 02 Bay of Islands       | 15 Gander                   |
| 03 Bellevue             | 16 Grand Bank               |
| 04 Bonavista North      | 17 Grand Falls              |
| 05 Bonavista South      | 18 Green Bay                |
| 06 Burgeo-Bay d'Espoir  | 19 Harbour Grace            |
| 07 Burin-Placentia West | 20 Harbour Main-Bell Island |
| 08 Carbonear            | 21 Humber East              |
| 09 Conception Bay South | 22 Humber Valley            |
| 10 Eagle River          | 23 Humber West              |
| 11 Exploits             | 24 Kilbride                 |
| 12 Ferryland            | 25 LaPoile                  |
| 13 Fogo                 | 26 Lewisporte               |
|                         | 27 Menihek                  |
|                         | 28 Mount Pearl              |
|                         | 29 Mount Scio               |
|                         | 30 Naskaupi                 |
|                         | 31 Placentia                |
|                         | 32 Pleasantville            |
|                         | 33 Port au Port             |
|                         | 34 Port de Grave            |
|                         | 35 St. Barbe                |
|                         | 36 St. George's             |
|                         | 37 St. John's Centre        |

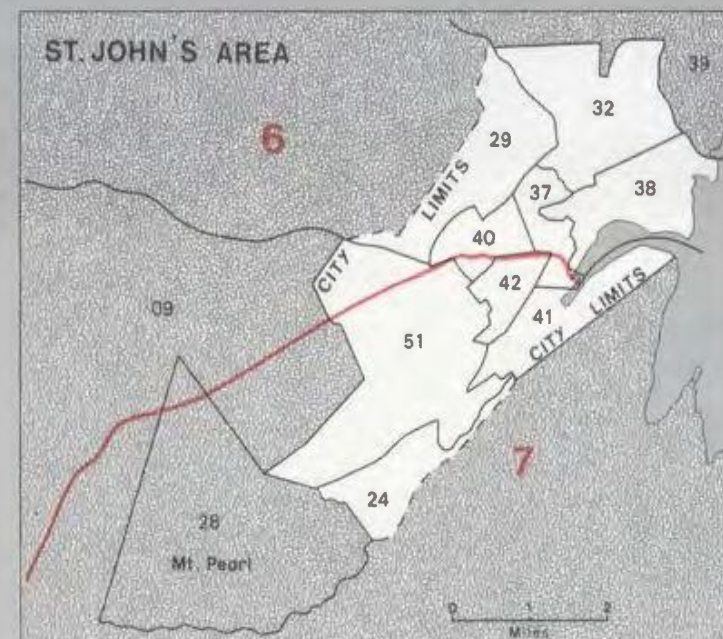
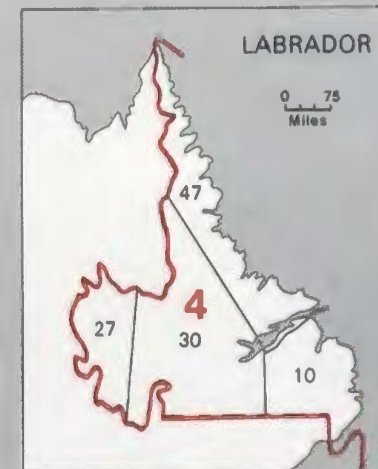
- |                           |
|---------------------------|
| 38 St. John's East        |
| 39 St. John's East Extern |
| 40 St. John's North       |
| 41 St. John's South       |
| 42 St. John's West        |
| 43 St. Mary's-The Capes   |
| 44 Stephenville           |
| 45 Strait of Belle Isle   |
| 46 Terra Nova             |
| 47 Torngat Mountains      |
| 48 Trinity Bay de Verde   |
| 49 Trinity North          |
| 50 Twillingate            |
| 51 Waterford-Kenmount     |
| 52 Windsor-Buchans        |

## FEDERAL DISTRICTS

- |                                  |
|----------------------------------|
| 1 Bonavista-Trinity-Conception   |
| 2 Burin-St. George's             |
| 3 Gander-Twillingate             |
| 4 Grand Falls-White Bay-Labrador |
| 5 Humber-St. Barbe               |
| 6 St. John's East                |
| 7 St. John's West                |

SEE INSET  
ST. JOHN'S

0 10 20 30 40 50  
Miles





### Appendix F - Results of General Elections, 1949-1989

Election	Seats Won				% of Vote			
	Lib	PC	NDP	Oth	Lib	PC	NDP	Oth
May 27, 1949	22	5	0	1	70	28	0	2
Nov. 26, 1951	24	4	0	0	64	35	0	1
Oct. 2, 1956	32	4	0	0	67	32	0	2
Aug. 20, 1959	31	3	0	2	58	25	7	10
Nov. 19, 1962	34	7	0	1	59	36	4	1
Sep. 8, 1966	39	3	0	0	60	33	2	2
Oct. 28, 1971	20	21	0	1	44	51	2	3
Mar. 24, 1972	9	33	0	0	38	60	0	2
Sept. 16, 1975	16	30	0	5	37	46	4	13
June 18, 1979	19	33	0	0	41	50	8	1
Apr. 6, 1982	8	44	0	0	35	61	4	0
Apr. 2, 1985	15	36	1	0	37	49	14	1
Apr. 20, 1989	31	21	0	0	47	48	4	1

Sources: Newfoundland Chief Electoral Officer 1989, 21-22; Graesser 1991, 2)

