2000

The Canadian Federation of Independent Business: A case of interest group institutionalization.

Shannon Pompili

University of Windsor

Follow this and additional works at: https://scholar.uwindsor.ca/etd

Recommended Citation


https://scholar.uwindsor.ca/etd/3779

This online database contains the full-text of PhD dissertations and Masters' theses of University of Windsor students from 1954 forward. These documents are made available for personal study and research purposes only, in accordance with the Canadian Copyright Act and the Creative Commons license—CC BY-NC-ND (Attribution, Non-Commercial, No Derivative Works). Under this license, works must always be attributed to the copyright holder (original author), cannot be used for any commercial purposes, and may not be altered. Any other use would require the permission of the copyright holder. Students may inquire about withdrawing their dissertation and/or thesis from this database. For additional inquiries, please contact the repository administrator via email (scholarship@uwindsor.ca) or by telephone at 519-253-3000 ext. 3208.
INFORMATION TO USERS

This manuscript has been reproduced from the microfilm master. UMI films the text directly from the original or copy submitted. Thus, some thesis and dissertation copies are in typewriter face, while others may be from any type of computer printer.

The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleedthrough, substandard margins, and improper alignment can adversely affect reproduction.

In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.

Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps.

Photographs included in the original manuscript have been reproduced xerographically in this copy. Higher quality 6" x 9" black and white photographic prints are available for any photographs or illustrations appearing in this copy for an additional charge. Contact UMI directly to order.

Bell & Howell Information and Learning
300 North Zeeb Road, Ann Arbor, MI 48106-1346 USA
800-521-0600

UMI®
THE CANADIAN FEDERATION OF INDEPENDENT BUSINESS:
A CASE OF INTEREST GROUP INSTITUTIONALIZATION

By

Shannon Pompili

A thesis submitted to
the College of Graduate Studies and Research through
the Department of Political Science in partial fulfilment
of the requirements for the degree of Master of Arts in
Political Science at the University of Windsor

Windsor, Ontario, Canada

December 8, 1999
The author has granted a non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of this thesis in microform, paper or electronic formats.

The author retains ownership of the copyright in this thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without the author’s permission.

L’auteur a accordé une licence non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de cette thèse sous la forme de microfiche/film, de reproduction sur papier ou sur format électronique.

L’auteur conserve la propriété du droit d’auteur qui protège cette thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td></td>
<td>iii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td></td>
<td>vi</td>
</tr>
<tr>
<td>CHAPTER I: LITERATURE REVIEW</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Business-Government Relations</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Theoretical Models</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Interest Groups</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>Conceptualizing Interest Groups</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Institutionalization</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Methodology</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>CHAPTER II: BACKGROUND TO FORMATION OF THE CANADIAN FEDERATION OF INDEPENDENT BUSINESS</td>
<td></td>
<td>31</td>
</tr>
<tr>
<td>The Economic Environment</td>
<td></td>
<td>31</td>
</tr>
<tr>
<td>Government Regulation</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>The Political Environment</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>The Social Environment</td>
<td></td>
<td>43</td>
</tr>
<tr>
<td>Trade Associations</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>The Alliance of Manufacturers and Exporters Canada</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td>The Canadian Chambers of Commerce</td>
<td></td>
<td>52</td>
</tr>
<tr>
<td>CHAPTER III: THE FORMATION AND FIRST DECADE</td>
<td></td>
<td>63</td>
</tr>
<tr>
<td>The 1969 White Paper on Taxation</td>
<td></td>
<td>63</td>
</tr>
<tr>
<td>The Formation of the Canadian Federation of Independent Business</td>
<td></td>
<td>64</td>
</tr>
<tr>
<td>Principles and Objectives</td>
<td></td>
<td>68</td>
</tr>
<tr>
<td>Organizational Structure</td>
<td></td>
<td>70</td>
</tr>
<tr>
<td>The Mandate Program</td>
<td></td>
<td>76</td>
</tr>
<tr>
<td>Sales Strategy</td>
<td></td>
<td>79</td>
</tr>
<tr>
<td>Membership and Staff Resources</td>
<td></td>
<td>80</td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
<td>83</td>
</tr>
<tr>
<td>Lobbying Strategy</td>
<td></td>
<td>85</td>
</tr>
<tr>
<td>Relationships with other Organizations</td>
<td></td>
<td>88</td>
</tr>
<tr>
<td>Effectiveness and Impact</td>
<td></td>
<td>90</td>
</tr>
<tr>
<td>Development of Institutionalization</td>
<td></td>
<td>93</td>
</tr>
</tbody>
</table>
CHAPTER IV: THE SECOND DECADE

The 1981 Federal Budget 100
Political and Economic Environment 110
The Canada-United States Free Trade Agreement 113
Effectiveness and Impact 115
Development of Institutionalization 117

CHAPTER V: THE THIRD DECADE AND THE TWENTY-FIRST CENTURY

Principles and Objectives 122
The Mandate 123
Membership and Staff Resources 124
Leadership 127
Lobbying Strategy 131
Technology 134
Relationships with other Organizations 138
Effectiveness and Impact 139
Vision 2006 142
Institutionalization 145

CHAPTER VI: CONCLUSION 151

APPENDIX

1. Elements of Institutionalization 157
2. Paul Pross’s Continuum Framework 158
3. Questions: Interview with John Bulloch 160
4. Questions: Interview with Catherine Swift 161
5. Organizational Structure 163
6. Board of Govenors 164
7. The Mandate 165
8. CFIB Income 169
9. CFIB Expenses 170

BIBLIOGRAPHY 171
ABSTRACT

This paper traces the historical creation and development of the Canadian Federation of Independent Business (CFIB) as an advocate of the interests of small-medium sized business in Canada. The evolution of the CFIB is assessed from its inception as the Canadian Council on Fair Taxation to fight the 1969 White Paper on Taxation to its current position in the 1990's. Paul Pross's theory of institutionalization is used as a theoretical framework for analysing the development of the association. Essentially, this thesis seeks to determine the degree of institutionalization that has occurred in the Canadian Federation of Independent Business in accordance with Paul Pross’s framework.

A void exists in the study of business interest groups as a distinct category of interest groups and this paper attempts to contribute to the void by studying the development of a small-medium sized business association. The area is presently under researched. Business interest groups represent a unique category of interest groups that need to be explored for their distinctive nature and approach to public policy. American scholars have recognized the significance of such a distinction and have begun to act accordingly, Canadian scholars are following at a much slower pace. Nevertheless, the contribution that such analysis can make to the study of interest group politics is encouraging.

The primary research question that has been addressed in this paper is: Has the CFIB achieved institutionalization in its development as an advocate of the interests of small-medium sized business interests in light of Paul Pross's continuum framework? In assessing
the institutional development of the CFIB various elements of the association are explored.

Chapter one examines business state relations in Canada and different theoretical models employed in the study of the relationship. It also discusses the proliferation of interest groups in the Canadian political system and various typologies utilized to assess interest groups. Paul Pross's concept of institutionalization is explored and established as the most desirable frame of reference for assessing the development of the CFIB.

Chapter two discusses some of the economic, political and social changes that began to occur in Canadian society beginning in the 1960s and extending into the 1970s that paved the way for the creation of new interest groups. The business interest representation that existed at this time is also explored to establish the void that existed specifically, in small-medium sized inter-sectoral business representation. This section functions as a historical frame of reference to the creation of the CFIB.

Chapter three begins by describing the 1969 White Paper on Taxation and the opposition to it that surfaced in the small business community. It details the creation of the Canadian Council on Fair Taxation and the subsequent creation of the CFIB. The first ten years of the CFIB's development are then assessed in terms of the CFIB's leadership, membership and staff, organizational structure, relationships with other organizations, lobbying tactics and effectiveness. Of particular significance to the internal dynamics of the organization during this time period was its ability to survive what became known as the "1979 Crisis."

Chapter four assesses the second decade of the CFIB's development. The 1981 Federal Budget and the association's opposition to it are explored as a critical time in the
organizations' development. Although the association takes a very confrontational and hostile approach to the federal government, it is able to maintain its position in the public policy arena. Chapter five details the associations development during the 1990s and the organizations direction into the twenty-first century. During this period of the CFIB's development leadership and technology become the most significant elements.

Chapter six returns to Paul Pross's concept of institutionalization and draws conclusions on the development of the CFIB on this basis. Based on the organizations objectives, organizational features, media-orientation and access-orientation this thesis concludes that the CFIB has in fact achieved a state of institutionalization in its development.
DEDICATION

This thesis is dedicated with love to my father
Thanks, Dad.
CHAPTER I

LITERATURE REVIEW

A proliferation in the number of interest groups attempting to influence public policy in Canada has occurred since the 1960s. Groups have emerged to advocate the needs of environmental, social, civil rights, and economic interests. The rapid growth of such groups are a result of social, political, cultural and economic changes that have occurred in Canadian society. Although there has been a considerable amount of research conducted on interest groups in general, there has been a limited amount of research devoted to the organizational development of business interest groups as a distinct category. This study will explore the development of the Canadian Federation of Independent Business as a representative of small-medium sized business interests through the use of a historical case study, and will apply Paul Pross' concept of institutionalization as a theoretical framework. The group's purpose, access, structure, resources, membership, leadership and lobbying strategy will be analysed in order to assess the degree of organizational development that has occurred since its formation.

In its representation of small-medium sized business interests the only restriction that the CFIB sets for membership is that the business can not be publicly traded. According to Ted Mallet the current Director of Research the CFIB does not utilize a standardized classification system to differentiate between small-medium and large sized business entities. Rather, for lobbying and research initiatives the CFIB feels that groupings should be based on issues. In practice forty-one percent of the CFIB's membership have fewer then
five employees and forty-eight percent have fewer than one hundred employees. However, for convenience the CFIB utilizes one of the most common groupings. Small businesses are considered to be those with less than fifty employees, those businesses with fifty to four hundred ninety-nine employees are classified as medium sized and those with over five hundred are labelled large firms. For discussion purposes this classification system will be adopted.

The Canadian Federation of Independent Business was formed in 1971 by John Bulloch to fill a void that existed in the representation of small-medium sized business interests. The CFIB’s origins lay in a mini tax revolt formed in 1969 to fight the Edger Benson White Paper on Tax Reform that proposed to raise the corporate tax rates for small businesses. John Bulloch was the son of a entrepreneur who had completed a degree in engineering and business from the University of Toronto in 1956, as well as a MBA from the University of Toronto. When the Benson White Paper came out Bulloch was pursuing a teaching career in the Faculty of Commerce at Toronto’s Ryerson Polytechnical Institute while managing his fathers two branch tailor shops.

Bulloch published a boastful letter in the paper criticizing the Benson tax proposals, and received an outpour of support by small business persons. As a result, Bulloch decided to form the Canadian Council on Fair Taxation to fight the White Paper proposals in the interest of small businesses. The group proved to be a success and dispersed in 1971 when the Benson tax proposals were amended. After seeing the impact that the Canadian Council on Fair Taxation was able to have, Bulloch decided to organize the CFIB to act as a permanent advocate of small-medium sized business. These events will be explored in
greater detail in subsequent chapters.

BUSINESS-GOVERNMENT RELATIONS

The basis of business-government relations in Canada is often attributed to the lack of revolutionary tradition found in Canada's political culture, and a high tolerance for state intervention. According to this school of thought, the differences in the formative events between Canada and the United States has resulted in distinct business ideologies. In Canada one predominant ideology does not dominate business-government relations. Rather, the current relationship between business and government is a mixture of numerous ideologies and perspectives that are in a constant flux.

Throughout Canadian history a close relationship has existed between business and government. This is not to say that relations have always been completely amicable, but rather that the relationship has always involved a certain degree of interaction. The government of Canada has not hesitated to interfere in the Canadian economy when it has served its objectives. According to Michael Bliss in his account of the history of business in Canada, the Canadian government used tariffs to protect domestic markets for Canadian producers as early as 1879. Pressure was also placed on the government by the various segments of business interests early in Canadian history. In the 1880s and 1890s, "Small businessmen and their organizations were the most persistent advocates of legislative restrictions on competition." The tensions and differences between the interests of big and small business was apparent. Yet the initiative taken by various business interest groups was in many ways a reflection of the political environment in Canada. As Bliss states,
"Business jostling for competitive advantage by capturing government was a microcosm of the larger struggle of interest groups to secure government intervention."9 The foundation for interest group politics in Canada was successfully formed.

According to Wayne D. Taylor, "...the early political, corporate, bureaucratic and landed elites of our nation cast the mould for business-government relations for centuries to come--elitist, cooperative, and even collusive at times."10 In Canada's early years the interests of business and the state often coincided. The government was not apprehensive about using the state as a tool for advancing the interests of business. Peter C. Newman refers to the environment as a, "...government-sponsored day-care..."11 According to Wayne D. Taylor, the development of the Canadian economy and the achievement of nation-building were seen as one in the same.12 Taylor contends that the dynamics are evident, "Canada is, in effect, a business-nation: a country founded by business, and developed to further business' interests, all in the public interest."13 This would suggest a strong connection between business and government in Canada.

This assessment is disputed by Michael Bliss who contents that, "Ottawa's several national development policies--the railroad, free homesteads on Dominion lands in the West, an open door for immigrants, high tariff walls--were not part of a coherent plan for nation-building."14 Rather, they were a collection of ad hoc policies that were contradictory at times.15 Instead of nation-building being the basis of government action, Bliss suggests that the guiding principle behind such policies was a desire to replicate The United State’s economic progress.16

Despite the overlapping of the state and business interests, relations have not always
been cordial. As Taylor states:

Much of the research on current business-government relations in Canada has assumed a problem exists: that government intervention is emasculating the private sector; that business interests are no longer synonymous with “public interest;” that what was once the workplace of a national socio-economic partnership is now the battleground for two disparate solitudes.17

This suggests that the nature of the relationship between business and government in Canada is more complex than what may initially appear to be the case and that further analysis is necessary. Relations between business and the state in Canada are essentially plagued with contradictions. This view is reinforced by William D. Coleman who contends that “...the relationship between business and government in Canada is simultaneously privileged and conflictual.”18 The situation is aggravated by the emergence of interest group politics and numerous business associations, all contending that they represent the interests of business.

Of particular significance to the changing dynamics of the relationship between business and the state is the emergence of small business as a credible and vocal voice of business interests. The political activity of small business over the last two decades has increased substantially.19 This poses a number of new challenges for both business and the state. Adequately assessing the interests and demands of business becomes more difficult and complex because there are more groups articulating business interests. In many areas the interests of big business and small business are not one in the same. The interests of these two different groups are often in direct conflict with one another and not easily reconciled.
The relationship between business and the state is also affected by the political environment surrounding interest groups and government. Some governments are more accommodating to the interests and concerns of business than others. Likewise, during certain periods of time the public is more sympathetic to the plight of business than at others. These factors are often connected to the degree of government regulation of the economy. The 1960s are often seen as the beginning of a period in business and government relations characterized by a more intrusive state. The political organizations and influence strategies of business are influenced by such external factors. These themes are explored by David Vogel in *Fluctuating Fortunes*, and will be expanded upon.

**THEORETICAL MODELS**

There are a number of different theoretical models that can be employed in the study of business and the state. Each theory approaches the relationship between the state and interest groups from a different perspective. The different theoretical approaches are based on different assumptions about the nature of the relationship between government and business. Each theory accounts for the distribution of power in a unique context. It is the underlying differences in assumptions about the foundation of the relationship that provides for such a wide spectrum. Although often divergent in fundamental principles on the nature of the relationship, each model contributes to the study of business and government.

Given that the approaches are based on an ideal type, it is useful to view each perspective in light of the others. According to Graham K. Wilson:

"It is probably wise, therefore, to think of the different theories..."
of the power of business not as permanently mutually exclusive theories, but as descriptions of factors which may vary in importance from country to country, and from period to period within the same country, in determining the power of business.20

In this analysis the following theories will be explored: elite theory, pluralism, and corporatism. These theories have been chosen because they are each able to contribute to the understanding of business and government relations in the Canadian experience. Each theory offers a building block from which to formulate an assessment on the nature of the relationship.

Elite accommodation is often used when studying the relationship between interest groups and public policy. Robert Prethus, in his study of elite accommodation in Canada, contends that, "...elite accommodation may be regarded as a structural requisite of any democratic society in which policy decisions are the result of negotiations and consultation among the elites concerned."21 The process of elite accommodation is seen to be consistent with democratic government and the notion of competing interests.22 Negotiations and consultations occur within the formal political structures of the Canadian government.23 This legitimizes the process of elite accommodation while encouraging stability. Individual groups with similar values work within the political system to arrive at consensual decisions.24

Elite accommodation holds that the political elite in Canadian public policy are the legislators, high ranking bureaucrats, and the leaders of major interest groups. These elite players enjoy a disproportionate share of legitimacy, expertise, continuity, access, and above all, power.25 Peter C. Newman views Canada as, "...a capitalist society run by clusters of
interlocking elites who formed a self perpetuating junta, in both their economic clout and their political agenda-setting aspirations." In Canada's political culture, the brokerage system of politics results in a prominent role for interest groups in the formulating of public policy. Elite accommodation creates a sense of continuity which is necessary given the ongoing nature of the process. The system renews itself from within as new elites rise to assume the role of old elites.

Despite the many contributions that elite theory is able to make to the understanding of business and government relations, it is not able to explain all aspects of the relationship. Of particular significance is the inability of elite theory to account for instances of conflict in which policies are implemented that are not favourable to business interests. Canadian governments have been willing to set aside the interests of business when public opinion has made it an attractive alternative to do so. There have been instances in Canadian history in which relations with business and government have been severely strained. There has not been a clear absence of conflict between the two areas which implies that their interests are not always as intertwined as is usually assumed to be the case.

The essence of governance in Canada can not easily be explained by elite theory when taking into account the structural hurdles created by the Canadian political system. When federalism and regional diversity are taken into account, the process becomes more complicated. Elite theory makes the assumption that a high degree of unity and centralization are present. This has clearly not been the case in the Canadian experience. The division of powers in the Canadian Constitution makes any pure form of elite theory in the development of public policy problematic. Achieving consensus and cooperation
between the two levels of government in Canada is a very difficult task. In an era of globalization, such consensus and cooperation between different levels of governments is crucial if elite accommodation is going to dominate the public policy landscape.

In contrast to the notion that the political process is controlled by a few select elite groups, is the contention that outcomes are the result of a myriad of competing interests. This assumption, which is found in pluralism has served as the conventional wisdom in the study of interest groups. Some of the most influential studies on pluralism include, David Truman’s The Governmental Process 1951, V.O. Keys Politics, Parties, and Pressure Groups, and Robert Dahl’s Who Governs? 1961. These works have all had a profound influence on the study of interest groups in the United States and Canada.

Interest group politics forms the basis of the pluralist theory of state and society. According to Earl Latham, the four features of pluralism are; multi-member organizations; voluntary membership; a dependence on member involvement; and a narrow focus of concerns.\textsuperscript{31} Pluralism begins with the premise that an equal competition of alternative interests exists in democratic political systems. From this basis, it is assumed that individuals will voluntarily join organizations to advance their interests. Pluralist scholars view, “...the political system as a dynamic mass of activity in which new groups constantly evolve and old ones are killed off as society adjusts to change.”\textsuperscript{32} Groups form when certain functions need to be preformed and disappear when they are no longer needed. This is part of a “civil culture” that has turned to the formation of groups as a means to address individual concerns.\textsuperscript{33} This results in the achievement of an equilibrium among the competing interests in public policy. The composition of interest groups in society is seen
as a reflection of the mixture of the interests that exist.

The essence of pluralism is, "...an equal competition of alternative interest groups." Although inequalities do exist in society, pluralism contends that society will naturally produce groups to advocate the interests of any groups that have experienced a disadvantage. Under this theoretical framework the system of interest group politics is self-regulated. Pluralist theory holds that, "...winning one issue will not translate into success on otherwise unrelated issues because the governmental system in liberal democracies is highly fragmented." This prevents the domination of public policy by any single group. Under this theory, business interest groups do not hold an advantaged position in the policy arena.

Pluralist scholars have dominated the literature on the relationship between the state and society until coming under heavy attack by American scholars in the 1960s. Mancur Olson criticizes the pluralist assumption that groups form when it is in their interest to do so. Olson argues that people with shared interests do not necessarily mobilize to form interest groups when their experiences warrant it. There are discrepancies between different groups in society that hinder their ability to mobilize. Contrary to what pluralist scholars contend, power and access to it is not evenly distributed, and as a result the system is not able to adequately self-regulate itself.

Corporatism as a theoretical framework is able to contribute to the understanding of increased government involvement in relations between interest groups and the state. It provides an alternative framework for studying the relationship between society and the state in capitalist democracies. While pluralism involves a one-way exchange between the
state and groups in society, corporatism involves a two-way relationship between
government agencies and interest groups, in which interest groups play a pivotal role in the
administration of public policy.\textsuperscript{40} The nature of the bargaining process in corporatism is
distinct from what is present in pluralist structures. Corporatism is characterized by a
bargaining process that emphasizes compromise, and consensus.\textsuperscript{41} Bargaining is confined
to monopolistic interest organizations that function as filters to the demands placed on the
state.

In corporatist structures government elites work in conjunction with labour and
business elites. Philippe Schmitter defines corporatism as:

\begin{quote}
...a system of interest representation in which the constituent units are organized into a limited number
of single, compulsory non-competitive, hierarchically ordered and functionally differentiated categories, recognized
or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories
in exchange for observing certain controls on their selection of leaders and articulation of demands and support.\textsuperscript{42}
\end{quote}

In essence, public policy is the result of deliberately constructed interaction between a
limited number of participants, in which the state maintains a pivotal role. As Paul Pross
points out, “This hierarchial system filters policy ideas and proposals in order to reduce them
to manageable proportions at the bargaining table.”\textsuperscript{43} During this process the demands and
values of a variety of groups are channelled to form collective views and positions on
public policy.

Despite the opportunities that corporatism provides for consensus it is criticized for
being inherently undemocratic in nature. According to Brooks and Stritch, “If the real
decisions in society are made by a tripartite coalition of business, labour and the state, then Parliament and electoral politics are pushed further out of the picture. Political parties through their elected members of parliament no longer perform the function of aggregating and articulating interests, and certain interests are completely excluded from the process in an undemocratic manner. This creates fundamental problems for the legitimacy of the parliamentary system of government. As Pross states:

The idea that public policy should be concocted through a system of interest representation such as that defined by Schmitter offends our notions of legitimacy, which hold that public policy should be developed by Cabinet and approved by Parliament. Our reactions when confronted with corporatists, particularly tripartite proposals have been distinctly negative. Parliamentary systems of government gain their sense of legitimacy from the notion of parliamentary supremacy. To deliberately formulate structures in the policy making process that do not respect the notion of parliamentary supremacy is to threaten the legitimacy of Canada's political system.

The formulation of public policy in Canada is not confined to a limited number of participants. Rather, a wide spectrum of active participants exist and form depending on the issues under discussion. Politicians, civil servants, interest groups and the attentive public all contribute in a direct or indirect way to public policy outcomes. Of particular significance to the Canadian experience is the growing importance and power of interest groups.
INTEREST GROUPS

According to David B. Truman the term interest group:

...refers to any group that, on the basis of one or more shared attitudes, makes certain claims upon other groups in the society for the establishment, maintenance, or enhancement of forms of behaviour that are implied by the shared attitudes.  

Interest groups are differentiated from both political parties and the government in that they do not seek to govern, rather they seek to influence those who do govern.  Graham K. Wilson defines interest groups as, "...organizations, separate from government though often in close partnership with government, which attempt to influence public policy."  Although interest groups may assume a significant role in public policy, through policy communities and policy networks, they remain a separate entity from the government and political parties.

Interest groups representing the interests of business have been a part of Canadian public policy since the beginning of Confederation.  Coleman and Jacek define business associations as, "...those that represent business enterprises or branches there of."  In order to gain a better appreciation for the relationship between business and the state, it is important to recognize that business interest associations are complex entities.  A greater understanding of the dynamics of the relationship can be gained by studying the structure of business associations.

Given the importance of business in the domestic economy, one would think that a considerable amount of analysis has occurred to gain a better understanding of the characteristics of business associations.  The contrary is true however.  In the Canadian
literature on interest groups there has been a tendency to treat business associations like all other interest groups. In contrast, the American literature has placed an emphasis on the distinctiveness of business groups. This is an important lesson that Canadian scholars of interest groups can learn from their American counterparts. There is evidence that Canadian scholars are beginning to emphasize the distinctiveness of business associations as a form of interest groups, but the evolution is a slow process.

CONCEPTUALIZING INTEREST GROUPS

When assessing the organizational development and effectiveness of interest groups there are a number of different typologies that can be employed. Each approach makes its own unique contribution to the study of interest groups and public policy. The factors that contribute to the development of interest groups include an association’s objectives, president, membership, resources, tactics, and circumstances.

The development of an interest group has a bearing on an association’s impact on public policy. In the case of business and government relations, “...business interest associations are more complex organizations than is normally assumed in the pressure group literature and that awareness of this complexity is important for understanding their role in politics.” Business associations are multiplex entities that exist for a variety of purposes to perform a multitude of functions. Over time, associations that are able to embody certain structures in their development maintain a certain position in policy communities. According to William D. Coleman, “It is one of the more difficult exercises in political science to assess the influence of a pressure group.” This must be kept in mind...
when drawing any conclusions on the impact of interest groups in the Canadian political system and public policy. The relationship between interest groups and the state is a complex one that does not allow for premature judgement.

Within the interest group community, certain groups enjoy a more privileged position than others. Political participation and effectiveness is often seen as the product of a group's tangible and intangible resources. Presthus contends that, "...those groups which possess [the] most resources should generally prove to be [the] most successful." This is reinforced by Wilson who argues that, "The power of interest groups within any political system is determined in part by their resources." Such resources include membership, knowledge, staff, and revenue. In terms of membership, "...a more prominent role in policy making for interest groups is a cause as well as a consequence of high membership rates." Membership is generally seen to be a manifestation of popular support.

Perhaps the greatest resource of any interest group is the degree of legitimacy that it is perceived to hold with the general public. "Among the more interesting theoretical conclusions is that interest group effectiveness depends strongly upon a sympathetic political culture and rather subtle kinds of political resources such as popular legitimacy and social acceptance." Groups that are perceived to represent mainstream values will not face as many obstacles in trying to convince people that their goals are in the best interest of society and by extension plausible public policy options.

Groups can also be differentiated by the lobbying styles and techniques that they utilize. According to Robert Presthus, "...certain types of groups have 'natural' points of access within government, and... these provide a useful basis for differentiation." In the
case of business interest groups, the natural point of access appears to be among the elites found in the bureaucracy, cabinet, and other business associations. In Presthus' study of interest group tactics, he concluded that:

...business ranks highest in the use of lobbying tactics, which require political sophistication, shared norms among the political elite and attending easy access. Business groups also rank above the mean, although not at the top, in access to the Cabinet, which also seems to reflect 'a close coalition' between such groups and the higher governmental elite. 61

Although Presthus does find slight variations in the lobbying tactics of different types of interest groups, he also finds that a high degree of similarities do exist. Presthus concludes that, "Variations in emphasis upon one or another target or tactic obviously exist, as we have seen, but the main drift is toward standardization." 62 This means that the use of lobbying techniques alone as a means to differentiate interest groups is incomplete.

William D. Coleman in his analysis of business associations distinguishes between policy capable and policy weak interest groups. Coleman's classification is based on an assessment of the properties of associational systems, the structures of individual associations, and the resource diversity of the association. Policy capable associations tend to function in an associational system where the associations do not have to actively compete for their membership and are highly representative of those members, where as, policy weak associations have to compete for their membership. 63

Policy weak associations are not systematically differentiated by product, service, territory, or function, and have a flat organizational structure. 64 All information is handled by the central executive structure, and problems are dealt with on an ad hoc basis. 65 This
is due in part to the inability of the organization to develop staff expertise or a comprehensive information base.\textsuperscript{66} The association will be confined to advocating short term concerns, and will be unable to speak independently on policy matters.\textsuperscript{67} In effect, "a policy-weak association will not be able to generate the depth of information needed for policy development and will confine itself to aggregating and cataloguing members' policy demands."\textsuperscript{68} Thus, the overall impact and role that policy-weak associations have on public policy is minimal.

Policy-capable associations, on the other hand, enjoy a privileged relationship with the state and have an overall impact on public policy. Such associational systems possess the resources necessary to articulate and co-ordinate information and the interests of its members.\textsuperscript{69} The association will have a professional staff, a relatively high degree of commitment and support from its members, and the capacity to generate relevant information and privileges for its members.\textsuperscript{70} The availability of these resources differentiate policy-capable groups from policy-weak groups. In addition to these factors, policy-capable associations will have institutionalized and stable funding methods.\textsuperscript{71} This fosters enough diversity to allow the association to distance itself from its members when necessary to achieve long-term policy goals, while also preserving its autonomy from the state.\textsuperscript{72} In effect, policy-capable associations have the ability to reflect and develop policy positions that are independent from both the state and its membership.\textsuperscript{73}

This is a very useful means of distinguishing between different interest groups when assessing the impact of business associations on public policy. By looking at more than one indicator to determine if a group can be considered policy-capable or policy-weak, this
approach employs an all encompassing quality. The benefits of this approach are that it allows for a more comprehensive assessment, in addition to avoiding premature and hasty conclusions. It also develops the notion of institutionalization, as it is associated with the degree of integration present in different associations.

The degree of integration found within interest groups can also be explored in order to create a system of classification. Integration can be further broken down into an internal and an external component. According to William D. Coleman:

Internal integration refers to the degree to which associations representing domains specialized by territory, product or sector, or firm size are organized under the umbrella of encompassing peak associations. External integration refers to the degree to which associations, not belonging to a common peak association, cooperate or coordinate their activities.74

Coleman develops a typology for assessing the degree of internal integration in his comparative study of business associations. The continuum developed consists of seven categories. The system ranges from the most integrated, which is referred to as a unitary association, to independent associations, which are found at the other end of the spectrum.75

Unitary associations are characterized by a minimal amount of differentiation along territorial, sectoral, or firm size.76 For the purposes of administration branch organizations can be created, however, such branches are dependent on the central branch for resources, and identify with the central organization.77 Essentially, additional branches function at the leisure of the central apparatus. Independent associations functioning at the opposite end of the spectrum are differentiated by territory, sector, or size, and exist without any vertical links.78 Slight variations are found between these two categories based on a number of
indicators which include; the existence of separate constitutions for branches, the degree of autonomy branches hold over their staff, the amount of direction and consultation the branch must take before interacting with government, and whether members belong to one or both of the organizations. The different categories found between the two ends of the spectrum are, unitary association with sub-units (US), unitary association with sub-units, one or more of which enjoys an enhanced status (US*), federal associations (F), confederal associations (CF), and affiliated associations (A). This system is extremely detailed and somewhat complicated.

The classification scheme developed to measure the external integration of associations is less detailed. When exploring the relationship between two separate associations with no vertical connections, the nature of the dealings between the associations is categorized. The relationship can take on one of three possible forms; a horizontal co-operative (H) form; a competitive (C) form; or a parallel (P) form. Horizontal co-operative relationships use formal alliances, joint ventures, partnerships, or coalitions when dealing with the state. Associations that have relationships with other associations that fall into the competitive category are in direct competition with each other for influence over government where as, the activities of parallel associations are not affected by each other either way. According to the classification scheme employed by Coleman, the Canadian Federation of Independent Business falls into the category of a unitary association with sub-units.

David Vogel, in *Fluctuating Fortunes*, links the influence of business interest groups to the performance of the economy and the public’s perception of the economy.
According to Vogel:

Since the mid-1960s, business has tended to be politically effective when its resources have been highly mobilized, when companies share similar objectives, when the public is critical of government, when the economy is performing relatively poorly, and when its preferences coincide with those of powerful politicians.85

American society is inclined to look to the business elite for strong leadership when change is needed, and has a tendency to put their leadership aside when they perceive the environment to be prosperous. In essence, the influence of business association fluctuates, as does its unity as a whole, and external circumstances.86

INSTITUTIONALIZATION

Paul Pross uses the concept of institutionalization in his classification of interest groups. For the purpose of Pross’ typology institutionalization is defined as, “...a process through which an organization—a technical instrument designed as a means to define goals—acquires a system of values and becomes an institution—a responsive, adaptable organism that is peculiarly competent to do a particular kind of work.”87 This approach to the study of interest groups links the organizational development of an association with policy influence while going beyond the organizational sophistication to encompass the value pattern of the group.88 An interest groups’ value system distinguishes it from other groups and allows the entity to assume an existence of its own separate from individuals or personalities. Institutionalization is treated as a process that all interest groups go through during their lifetime. According to Pross, “Through institutionalization, group attitudes, norms, structures, and behaviour become internally coherent and attach the organization to
its immediate environment.” The incorporation of all of these elements into the study of interest group relations with the state allows for a more complete understanding of the dynamics involved in policy influence.

An association’s degree of institutionalization can be determined by analysing the group’s leadership, resources, organizational structure, lobbying strategy and access (See Exhibit 1). Institutionalized groups are:

- groups that possess organizational continuity and cohesion,
- commensurate human and financial resources, extensive knowledge of those sectors of government that affect them and their clients,
- a stable membership, concrete and immediate operational objectives associated with general philosophies that are broad enough to permit each group to bargain with government over the application of specific legislation or the achievement of particular concessions,
- and a willingness to put organizational imperative ahead of any particular policy concerns.

It is this combination of characteristics that deem an association to be institutionalized, thus creating the most fertile environment for an association to exert influence over public policy.

Of paramount importance in this equation is the ability of an association to look beyond immediate short term objectives to long term imperatives. When an interest group is institutionalized its existence is not contingent upon short term objectives, rather the value of the group lies in its ability to see beyond immediate gratification. In doing so, institutionalized groups become an integral part of the policy community.

Pross adopts a continuum for classifying groups that places fully institutionalized groups at one end, and nascent groups, at the other end (See Exhibit 2). Given that these represent ideal types it is important to realize that most groups do not fit perfectly into one of these two categories, rather they fall someplace in between. To account for this, Pross
uses the terms mature and fledgling to describe the groups found within the spectrum.\textsuperscript{93} These categories are measured against institutionalization which serves as the ideal type in the classification.

Pross uses the term institutionalized group to characterize those organizations that have most fully developed their politically salient characteristic, their policy capacity, and an underlying normative order.\textsuperscript{94} The fully institutionalized group is able to effectively translate the interests and demands of its members to the state and in effect influences public policy. The group is significant in and of itself for the values that it embodies. In contrast, the nascent group is distinguished by characteristics that are the opposite of fully institutionalized groups. The characteristics of groups that fall into the mature category resemble those of the institutionalized category without having actually fully achieved institutionalization, and groups falling into the fledgling group category resemble nascent groups, but are somewhat more developed.

Institutionalization is distinguished from other forms of classification by the emphasis that is placed on the process. The significance of such a process in the formulation of public policy should not be overlooked. As Pross notes, “Institutionalization is seen as a pervasive social process that imparts cohesion.”\textsuperscript{95} The cohesion that emerges from this social process results in a greater capacity and capability to aggregate, articulate, mobilize, employ strategic skills, and develop coalitions when needed.\textsuperscript{96} In contrast, nascent and fledging interest groups are lacking in both development and implementation capabilities in these areas. It is the sum total of all of these elements, both tangible and intangible, that determine the impact that an association with have on public policy.
Paul Pross’ approach to the study of interest groups is also beneficial because of its comprehensiveness. It does not limit the scope of analysis by focusing on a narrow range of indicators. Rather, it considers as many elements as possible before coming to a conclusion. This is crucial because an association is affected by the nature of the interest, the environment in which it functions in, the resources it possesses, its organizational structure, and its membership composition. The overall position of an association is determined by looking at the sum total of the characteristics that make the interest group what it is. To overlook any of these areas, is to rely on simplistic answers.

Although many of the other approaches employed in the study of interest groups provide crucial information, they are by their very nature limited. Due to the narrow focus that many classification systems tend to utilize, the conclusions that result from them risk being confined to a narrow and limited focus. Many of the popular classifications of interest groups are more useful when used in conjunction with a more broadly based approach. In order to remedy this, an all encompassing approach can be devised as is the case with Paul Pross’ use of institutionalization.

METHODOLOGY

This study assesses the development of the Canadian Federation of Independent Business (CFIB) as an advocate for small-medium sized business in the Canadian interest group community and employs Paul Pross’ concept of institutionalization as a basis for analysis. Pross’s typology will be used to relate the organizational characteristics of the CFIB to its purposes, structure, resources, membership, leadership, and tactics. It allows for
changes in these characteristics to occur over time, and such changes will be identified and explored if and when they have occurred in the CFIB. In the case of the CFIB this is useful given the circumstances that led to its creation in 1971, and the factors that have provided for its continuance. Over time the CFIB has not become stagnant or ineffective, rather it has continued to cultivate its position as an effective voice for small to medium sized business. The CFIB has emerged as a credible and respected advocate for small to medium sized entrepreneurs in Canada.

A historical case study will be used in the application of Pross’s continuum framework. Pross’s framework will be used as an ideal type. In many respects the historical account will take on a narrative tone in its recollection of the events leading up to the creation of the CFIB, the creation of the association and its subsequent development during the 1970s, 1980s and 1990s. The sequence will be chronological and time will be divided into periods of approximately ten years. This division has been chosen because it provided for the most optimal division of time and events. Each of these time periods represents a significant point in the development of the CFIB as is reflected in the activities of the organization.

In order to gain a better appreciation for the development of the association, background information is crucial. Such background information demonstrates that the formation of the CFIB was the result of certain economic, political and social factors which had an impact on the development of the association. To ignore such factors is to assume that the CFIB functions in a bumble and is not affected by its environment.

Research takes the form of primary and secondary literature, which is complemented
with personal interviews. The text is supplemented with charts and other information in the appendix. Although this analysis attempts to deal with the void that exists in the literature, future study could make better use of interviews and internal CFIB literature. However, this study does recognize its limitations and does not claim to represent an exhaustive study. Rather its purpose is to form a basis for further analysis and to apply Paul Pross’s continuum framework on institutionalization.

The next chapter will be devoted to exploring the environment in Canada prior to the formation of the Canadian Federation of Independent Business. By addressing the economic and political climate prior to the formation of the CFIB it is possible to gain a more complete understanding of why the association was formed and the factors that have contributed to its development. The evidence indicates that a void existed in small-medium sized business representation in interest group politics and that the CFIB emerge to fill the void. For this reason business associations that existed at the time will be explored.

NOTES

1. This information is based on correspondence with Ted Mallet the CFIB Director of Research on November 29, 1999.


4. Ibid., 64.

5. Ibid., 64-65.


7. Ibid., 363.

8. Ibid., 363.


29. Ibid., 66.
40. Ibid., 35.
42. Pross 1992, 23.


44. Pross 1992, 225.


48. Ibid., 257.

49. Ibid., 278.

50. Ibid., 258.

51. Ibid., 258.

52. Coleman and Jacek 1983, 278.


54. Prethus 1973, 121.


57. Wilson, 1990, 40.


60. Prethus 1973, 168.

61. Prethus 1973, 158.
63. Coleman 1988, 58.
64. Coleman 1988, 58.
68. Coleman 1988, 57.
70. Coleman 1988, 58.
74. Ibid., 237.
75. Ibid., 237.
76. Ibid., 238.
77. Ibid., 237.
78. Ibid., 238.
79. Ibid., 238.
80. Ibid., 240-1.
81. Ibid., 240.
82. Ibid., 240.
83. Vogel 1989, 8.
84. Vogel 1989, 293.

89. Paul Pross, “Canadian pressure groups in the 1970’s: their role and their relations with the public service” in Canadian Public Administration (Spring 1975: Vol. 18, No.1), 124.

90. Pross 1992, 98.
CHAPTER II

BACKGROUND TO FORMATION OF THE CANADIAN FEDERATION OF INDEPENDENT BUSINESS

A number of different changes occurred in Canada's economic, political and social landscape beginning in the 1960s and extending into the 1970s. During this period the state of the economy underwent significant change, the public grew more concerned with quality of life issues, the size and scope of government began to expand and the number of special interests competing for governments' attention increased. The 1950s and 1960s also represented a period of growth for trade associations in Canada. Prior to the formation of the Canadian Federation of Independent Business (CFIB), the Alliance of Manufacturers and Exporters Canada (AMEC) formerly known as the Canadian Manufacturers Association (CMA) and the Canadian Chamber of Commerce (CCC) represented the two major voices of business interests. Neither group could truly claim to solely represent the unique interests of small-medium sized firms. Rather, each association was dominated by large firms and hence the interests of big business.

THE ECONOMIC ENVIRONMENT

The composition of the economy began to undergo important modifications in the postwar period. The dominance of the primary and secondary sectors of the economy as major employers was brought into question as the service sector began to flourish. According to the Economist Quarterly Economic Review in 1969:
The decline in employment in agriculture has been the most important sectoral feature of postwar years. Trade, finance and general services are currently the fastest growing employment sectors.\(^1\)

The composition of the labour force underwent significant change as a result of the growth of the service sector. The traditional paths of employment no longer represented the driving force behind job creation. Firms in the service sector were more likely to be small-medium sized entities than the large corporations that tended to dominate the secondary sector. The service sector was also more labour intensive than the other sectors so this created an enormous amount of potential for job creation.

The extension of the service sector is a reflection of transformations in the domestic market. When consumers have greater wealth they are likely to spend more on services than they would with less assets. The consumption of services by consumers in the economy is income elastic, which means that spending on services is affected directly by income.\(^2\) Increases in the share of the service sector in the economy are a reflection of greater wealth.\(^3\) When consumers possess greater wealth, they also expand their purchasing power. As consumers income increases, their spending patterns undergo substantial changes. According to James A. Brander, “As their incomes rise consumers tend to spend a higher fraction on services and a lower fraction on consumption of physical materials.”\(^4\) While service based sectors experience growth under these conditions, material based sectors are not likely to benefit from similar growth rates.

Advancements in technology also contributed to the decline of the primary and secondary sectors ability to generate job creation. In many instances people were being
replaced by technology, as efficient operations were requiring less employees to perform tasks. Large corporations began to downsize which resulted in the elimination of countless jobs. Although technological advancements created a demand for a labour force with specific skills in the field of technology, traditional areas of employment could no longer be relied on to preserve long term jobs. The number of women entering the workforce also began to increase. This was the result of a number of different circumstances that occurred simultaneously, including the desire or necessity of dual income families and changing social norms. Increased divorce rates and a rise in the number of single mothers led many women to enter the workforce out of sheer necessity. The growing accessibility of modern household conveniences created after the industrial revolution no longer made it necessary for someone to remain at home full time to perform household duties. The size of the labour force expanded from 6.13 million in 1958 to 7.92 million in 1968. The growth of the labour force has tended to surpass the growth of new job opportunities since the early 1950s. The influx of women entering the labour market had a direct impact on the small-medium sized business environment in Canada. Many women saw opening their own small enterprise as a viable option to satisfying their employment demands. Between 1970 and 1981 the number of unincorporated firms in Canada that were owned by women increased from 53,000 to 142,000. Likewise, the percentage of women that owned firms in comparison to those owned by men more then doubled between 1969 and 1979. This represents the beginning of a significant change in the small business landscape in Canada.

The acceleration of the number of women entering the workforce created a demand for a variety of services and products that for the most part were non-existent twenty years
prior. During the 1950s and 1960s, child-related businesses began to experience an increase in demand. The heightened need for accessible and affordable quality daycare became a public policy issue and created new markets. Working mothers and dual income families placed a greater emphasis on convenience, as was reflected in the expansion of the processed food industry. If women did not begin to enter the workforce in large numbers, it is unlikely that such markets would offer business the potential for sales and profits to the degree that they did. Aside from the tangible impact that the increase of women in the labour force had on the economy, there were also numerous social impacts on Canadian society.

GOVERNMENT REGULATION

In order to gain a better appreciation for the conditions that laid the foundation for the creation of the Canadian Federation of Independent Business, it is important to understand the regulatory environment that existed in Canada prior to the association's formation. The issue of government regulation has been relevant in public policy debates throughout Canadian history. Government regulation has existed in some form since early models of government were first established. As society has developed so has the complexity of government regulation. The use of regulation in the economy by governments in industrialized countries has been viewed as a necessary measure to compensate for the contradictions that are present in capitalism. At times government regulatory efforts have benefited business directly and at other times they have created additional costs to individual firms. The challenge facing government has been to balance
the public interest with the desire of business to achieve profits.

According to Gerry van Houten, state regulation is, "... the legal and economic means by which the state seeks to control the operations and behaviour of a company, industry or business association."\textsuperscript{12} By enacting regulatory measures governments attempt to gain a certain degree of control over society through the economy. A more complete definition is presented in Brooks and Stritch’s Business and Government in Canada. They define regulation as:

\begin{quote}
A system of compulsory constraints, imposed by government on firms in either the private or public sector, backed by the coercive power and legal authority of the state, and relying primarily on directives rather than incentives, taxation or public ownership.\textsuperscript{13}
\end{quote}

It is important to acknowledge that participation is mandatory to all firms that fall under the scope of a particular regulation and that there are numerous forms that regulations can assume.

Regulatory efforts are undertaken to fulfill a number of different economic, social and cultural objectives. Generally, regulations are classified for the purpose of achieving either an economic or social end.\textsuperscript{14} Governments attempt to exert influence over business and the state of the economy through a variety of methods. Such measures include the use of monetary institutions and policy, fiscal policy, the nationalization of certain industries, crown corporations, the tax system, tariff structures, consumer protection, government organizations, and economic and industrial research.\textsuperscript{15} The government has also employed the use of Royal Commissions and Task Forces to recommend policies and programs to solve some of the challenges facing business and government. Notable undertakings that
have had implications for business with their recommendations include, the Glassco Commission on Government Organization, the Task Force on the Structure of Canadian Industry, and the Task Force on Agriculture. Government regulation is a reality of industrialized government systems that has the potential to achieve many economic, social, and political goods for both business and society. According to Donald H. Thain:

Because of the complexity and interrelatedness of the political, economic, social, and technological factors in the national system and its fundamental problems, it can be argued that a relatively high level of government control and direction is necessary. This implies that wage, price, employment, capital investment, and industrial development direction and controls are necessary.¹⁶

For business, problems arise when such measures are not beneficial to business interest or cause more harm than good in the manner in which they are implemented. Numerous regulatory efforts exist in varying degrees in different sectors of the Canadian economy with mixed results. At times such efforts have conflicting goals and outcomes. It is important that a strong emphasis be placed on business and government cooperation to alleviate such contradictions whenever they arise.

A number of different factors contributed to the desirability of using regulation as an instrument to solve social and economic problems in Canada. Firstly, Canada’s approach to government has been affected by geographical considerations. Canada is a vast and diverse country that has been plagued with regionalism and strong feelings of isolation from all segments of the whole.¹⁷ Secondly, Canada’s population developed on the basis of nineteenth century European immigration patterns. Some of the settlers to Canada brought with them socialist and collectivist ideas which viewed government involvement in society
as a normal process. From an ideological standpoint, Canada's tradition of socialism and federalism saw a need for national standards and objectives. As a result of these formative events Canadians developed somewhat of a preoccupation with symbols of nationhood and national unity. All of these factors contributed to the expansion of the role of government in Canadian society and served to legitimize government regulation.

In the Canadian experience, the vast majority of government rules and regulation were developed and implemented during and after World War II. According to D. H. Thain, "One of the most significant changes in Canadian society since the early 1950's is the striking increase in actual and potential government control and direction of business." The federal government began to increase both the scope and magnitude of its regulatory efforts. A problem with the extension of regulation in Canada was the lack of planning and coordination that occurred in its development. As D. H. Thain comments, "From the 1940's until the late 1960's this increasing government control and direction seemed to come about more or less spasmodically in different ways in different industries without uniformity of approach, integrated planning, or general policies." The governments' ad hoc approach to solving problems made the co-ordination of programs and regulations almost impossible to achieve.

In Gerry van Houten's historical analysis of business in Canada, he identifies three distinct phases in the post-war development of state intervention. For the purpose of this discussion phase one and two of Houten's classification method will be explored. Phase one occurred between World War II and 1965. During this period the government undertook earlier policies of state intervention on a larger scale than had previously been the
The number of regulatory bodies in the areas of transportation, energy, communications, agriculture and finance increased substantially. The state undertook regulatory initiatives with the implicit objective of developing Canada's economic infrastructure and new technology. State ownership thrived, with the majority of such undertakings occurring in the area of nuclear and hydro-electric power. An expanding world economy allowed for an increase in the export of Canadian goods.

In Mr. Houten's classification of the development of state intervention in Canada the second phase takes place between 1965 and 1984. This period was characterized by an increase in state enterprises and regulatory bodies. The growing global economy forced governments to assess the strength of Canadian business internationally, and assist business in their international efforts. According to Houten:

During this period, a great deal of emphasis was placed on strengthening the position of Canadian monopoly capital at home and abroad by slowing down the inflow of foreign capital while encouraging the concentration of Canadian capital.

The Canadian government was interested in aiding Canadian business as much as possible internationally while preserving domestic markets. Despite such efforts, Canada was still heavily dependent on foreign capital.

The ripening of state regulation in Canada correlated with the expansion of interest group activity in society. Burdette A. Loomis and Allan J. Cigler argue that, "The proliferation of government activities led to a mushrooming of groups around the affected policy areas. Newly enacted programs provided benefit packages that served to encourage interest group formation." More extensive government involvement in society gave the
various segments of society additional reasons to organize to ensure that government policies were favourable to their values and objectives. Regulation and regulatory bodies also provided interest groups with a focal point from which to direct their efforts.

Increases in government regulatory efforts and government spending have a tendency to occur in unison. Heightened involvement in society and the economy requires an increase in government spending to support and complement such objectives. The development of universal programs such as medical care, access to post-secondary education, social welfare, pensions and unemployment insurance involved additional cash outlays. Environmental controls, agricultural subsidies, industry development, eliminating regional disparities and support for cultural initiatives all required financing.

If citizens are not prepared to pay for such programs and services through taxes, such endeavours become problematic. When governments are unable to generate adequate revenues to support their undertakings, debt and deficit financing become an issue. In the case of Canada in the 1960s, the foundation for monstrous debt and deficits was forming. The escalation of government regulation and the expansion of government involvement in society to achieve both economic and social ends was occurring at a rate that surpassed the resources of government. The ever-widening gap between what governments wanted to do and in many respects were expected to do, and their ability to finance such undertakings would soon create a strain on business-government relations. The business ethic of fiscal prudence would come into conflict with the social justice ideal of many of the new interest groups emerging.
THE POLITICAL ENVIRONMENT

In the public policy arena, a shift occurred from a somewhat closed system to a more open approach as Canadian public policy structures became more sensitive to the demands of special interest groups.\(^{31}\) Litvak argues that the traditional process of elite accommodation in Canada began to be challenged by environmental conditions, such as information technology, that encouraged the participation of unorganized parts of society.\(^{32}\) The beginning of the information and knowledge based era was part of the globalization process occurring in developed countries all over the world and to a lesser degree and scope in undeveloped countries. The rise in the number of interest groups also coincided with the advancement and development of different lobbying techniques. As opposed to focusing on the traditional route of influencing Cabinet and the civil service through quiet diplomacy, many of the emerging groups found it more beneficial to create awareness and sympathy to their cause in the public forum.

The changes that were occurring in society lead the population to begin to question the legitimacy of traditional institutions and norms in Canada. The 1960s represented the beginning of a growth in protest movements on a national scale. In a study on faith in politicians and political institutions in industrialized countries, The Economist explores some of the issues surrounding the changes that began to occur. It contends that:

...some political scientists see the growth of protest movements since the 1960s as a sign of declining faith in the traditional institutions of representative democracy, and an attempt to bypass them. Others reckon that the most serious threat comes from the increasingly professional pressure groups and lobbying organizations that work behind the scenes to influence
governments policy and defend special interests, often at the expense of the electorate as a whole.\textsuperscript{33}

Regardless of how one perceives the growth of protest groups, interests groups and professional lobbyist the significance of their presence can not be overlooked.

Political activity became more diversified as citizens began to look to alternative forms of involvement. Conventional activities such as voting began to experience a decline and the power of political parties began to deteriorate.\textsuperscript{34} The primary political parties and the privileged position that they held in Canadian political culture was not beyond reproach. The growing significance of interest groups coincided with a gradual decline in the prominence of political parties and politicians. When assessing the situation in Canada, The Economist found that:

The proportion of Canadians who felt that "the government doesn't care what people like me think" rose from 45% in 1968 to 67% in 1993. The proportion expressing "a great deal of" confidence in political parties fell from 30% in 1979 to 11% in 1999. Confidence in the House of Commons fell from 49% in 1974 to 21% in 1996. By 1992 only 34% of Canadians were satisfied with their system of government, down from 51% in 1986.\textsuperscript{35}

The trend that began to develop in the 1960s is readily apparent. Rather then being a temporary decline in confidence, the situation developed into a larger pattern of political participation that continued over the next quarter-century.\textsuperscript{36}

Canada's main political parties began to undergo considerable scrutiny and many individuals found themselves disenchanted with the system. Upon such scrutiny various segments of society found the political parties, like other traditional institutions to be
unresponsive and out of touch with their needs. Many groups began to look to alternative sources, such as interest groups, to voice their concerns.

Interest groups began to be looked upon to participate in the functions of aggregating and articulating interests in society that were traditionally performed by political parties. Burdette A. Loomis and Allan J. Cigler credit the growing importance of interest groups with the decline of political parties. According to Loomis and Cigler, "The weakness of political parties has helped to create a vacuum in electoral politics since 1960, and in recent years interest groups have aggressively moved to fill it." 37 Interest groups were able to successfully capitalize on the growing void that existed in the capabilities of traditional institutions, like political parties, to represent the electorate. When assessing the changes that began to occur on an international scale and in Canada's political environment, it is important to view them as part of a whole as opposed to isolated occurrences. As society develops and matures, political environments and system adapt and respond to such changes. According to The Economist:

Democracy may just be a victim of its own success. It could just be that people nowadays expect more from governments, impose new demands on the state, and are therefore more likely to be disappointed. After all, the idea that governments ought to do such things as protect or improve the environment, maintain high employment, arbitrate between moral issues, or ensure the equal treatment of women or minorities, is relatively modern and still controversial one. 38

The changes that began to occur in society's expectations and opinions of politicians and traditional political institutions may have represented a natural progression.

The changes that were occurring in society were manifested in the expansion of
government initiatives through the creation of new government departments. Some of these changes benefited small businesses and their issues whereas others were in direct competition. The creation of Industry Canada was essentially formulated with the intention of improving the business environment in Canada. In contrast was the creation of Environment Canada, that by its very nature was competing for prominence and influence with small business initiatives.

In response to the developments taking place, political parties inclined to interventionist activities were elected to Parliament and formed governments. The Liberal Party dominated the Canadian Parliament, and is largely credited with the development of Canadian social programs. Under the Liberal governments of Pierre Trudeau in the late 1960s, 1970s and early 1980s many regulatory efforts were undertaken in the areas of energy, agriculture, health care and communications. These initiatives were undertaken with the intention of creating a "Just Society." The political environment, through the governments that were elected to office, manifested the social changes that were occurring in society.

THE SOCIAL ENVIRONMENT

Greater economic security and concern for quality of life issues contributed to the development of a public interest movement in the 1960s and 1970s. The post-war economic boom led to the emergence of an expanded middle-class and a growth in postmaterial values in society. The changing value system of Canadian society had an impact on the environment in which business and government functioned. New attitudes
towards morality and property were emerging. The value placed on a strong work ethic experienced a decline, and an increase in the desire for immediate self-gratification was rampant. The concept of entitlement witnessed wider acceptance and respect for those in positions of authority began to erode.

Consumer groups, environmentalists, civil rights organizations and feminists groups began to influence the terms and outcome of public policy. Society’s expectations about the ability of government to improve the quality of life of the general public began to rise. Governments were looked upon to provide services to citizens regardless of socio-economic status. Accessible health care, education, and employment for all Canadians were viewed as priorities for government. This translated into the formation of Canada’s social safety net and a commitment to looking after the well being of the public at large. A strong commitment to social programs and government spending became an intricate part of Canada’s political culture.

The public interest movement that occurred in society led to an increase in competition for the attention of governments in public policy outcomes. Business groups found themselves in a position where they had to compete with new interest groups and labour unions. The politicization of society resulted in an increase in attacks on business by other interests. Such interest groups pressured government to change the nature of business to satisfy their vested interests. Policy outcomes that aggravated business interests were the outcome of calculated initiatives with specific objectives. According to D.H. Thain:

...increasing government control and the reciprocal losses of
business power, freedom, and rights to manage are not the result of general legislation but of specific programs and polices of government and acts of parliament or legislatures designed to remedy particular problems.46

Programs were increasingly being developed to address issues and solve problems that were not specifically the prerogative of business interests.

Both the nature and the tone of public policy began to undergo a profound transformation. In David Vogel’s account of the experience in the United States he contends that, “...the public interest movement transformed both the nature of the political agenda and the way in which administrative decisions affecting business were made.”47 This assessment can be applied to the Canadian experience which has a stronger tradition of collectiveness and government intervention. It became impossible for existing groups to ignore the presence of the public interest advocates in their dealings with governments.

During this period, society’s expectations of the business community were elevated substantially. Business began to be viewed with suspicion in light of its sheer size and power within the economy.48 Business was expected to do more then contribute to job creation. The electorate no longer viewed their interests as one in the same with business and looked upon business to take on more social responsibility in the areas of ethics, job satisfaction and environmental protection.49 According to James Gilles in his assessment of business-government relations in Canada:

the change in social values in the post-war period led to a questioning of all types of relationships- including that between business and government and the rejection by many, both within business and government, of the proposition that the public interest was necessarily the interest of business, and vice versa.50
A redefining of the desirable nature of all traditional relationships in society was underway, including that between business and society. The caliber of accountability and responsibility to which business was held increased substantially. This had significant implications on the manner in which business interests approached lobbying government.

Institutionalized groups in Canada found that it was necessary for them to address issues in the public arena that they would otherwise not have been inclined to discuss.\(^5\) Although business interest groups had to adjust their approach to take into consideration the increased public debate of policy issues and the necessity to cultivate public opinion, quiet diplomacy remained the primary approach of business associations in their efforts to influence public policy.\(^5\) It became important for business lobbying to combine public advocacy along with quiet diplomacy. Business interests could not ignore the value of cultivating a positive public image in their lobbying efforts.

The reshaping that was occurring in society had both direct and indirect repercussions for the business environment. Aside from affecting the tone of business-government relations and society’s expectations for the conduct of firms, the growth of the social movement had an affect on the concept of work. J. Richard Finlay comments, “A new breed of Americans, born out of the social movement of the 60’s and 70’s, holds a set of values and beliefs so markedly different from the traditional outlook that they promise to transform the character of work in America in the 80’s.”\(^5\) Not only was the role of business in society being re-evaluated, so to was the nature of work itself.

The mobilization of interests has a tendency to occur in waves with the number of
groups peaking at different times. According to Cigler and Loomis, "Groups organize politically when the existing order is disturbed, and certain interests are, in turn, helped or hurt." Social, cultural, political, or economic changes in society must be present to spur the formation of special interest groups. Depending on the outcome and scope of a new group's interest, certain groups will remain and others will disappear. The system in effect is self-regulating.

TRADE ASSOCIATIONS

Trade association is a very broad and all encompassing label that can be applied to a wide spectra of associations. James Gilles notes that, "The range of activities and forms of organization of business associations is almost as broad as business itself." This poses somewhat of a challenge to the study of interest groups. According to Wayne D. Taylor, "The term trade association, refers to industry associations, product associations, professional associations, vertical trade associations, horizontal trade associations, and so on." Despite the wide scope of the term trade association a clear definition is useful. "A trade association can be defined as:

...a nonprofit, cooperative, voluntary-joined organization of business competitors designed to assist its members and its industry in dealing with mutual business problems in several of the following areas: accounting practices, business ethics, commercial and industrial research, standardization, statistics, trade promotion, and relations with government, employees and the general public."

Trade associations are usually differentiated from one another on the basis of sector,
industry, product, activity or size.\textsuperscript{59}

The three general types of trade associations for purposes of classification are horizontal, vertical, and conglomerate.\textsuperscript{60} Horizontal associations limit membership to those who perform the same tasks such as manufacturing or farming, whereas vertical associations base their membership on different trade levels.\textsuperscript{61} Conglomerate associations are the most open associations basing their membership on the widest criteria possible. Individuals, institutions, firms and associations are all eligible for membership.

The 1950s and 1960s represented a period of growth in the number of trade associations in Canada. The two world wars that had occurred provided the foundation for the creation of new organizations in society.\textsuperscript{62} The civil service was experiencing an expansion and supported the formation of associations.\textsuperscript{63} During this period Canada was beginning to discover and develop itself as a nation. The rise of Canadian nationalism contributed to the increase in national associations.\textsuperscript{64} The increase in trade associations as an intermediary between business and government was also affected by the expansion of government activities including an increase in regulatory efforts. As Isaiah A. Litvak points out in his assessment of trade associations in Canada:

\begin{quote}
The growth of government, including the introduction of sectoral polices and the creation of special departmental units and agencies to monitor specific industries, further stimulated the formation of new trade groups.\textsuperscript{65}
\end{quote}

With many firms and individuals witnessing an increase in the scope of government intervention in their industries, the trade association emerged as the logical instrument through which business could work with government to achieve consensus and solutions
to problems.

The purpose of a trade association is to promote the interests of its membership and the industry as a whole.\textsuperscript{66} In order to achieve this, associations perform an abundance of activities which include but are not limited to; setting standards, performing microeconomic analysis, acting as a link between business and government, lobbying government, and keeping its membership informed on legislation and regulation that affect their area of business and expertise.\textsuperscript{67} Such activities are beneficial to both the association's membership and government officials.

Governments in Canada have supported and encouraged the development of trade associations in a variety of areas. Trade associations assist government in the development of public policy by providing a forum for achieving general consensus within specific industries.\textsuperscript{68} Given the diversity of firms and individuals that are affected by public policy initiatives, this aids government in determining the interests of various segments of society. The development of sound public policy is hindered if the government is not aware of the overall impact that its initiatives will have on society, particularly those affected directly. The smooth implementation of new policies becomes problematic if government is not informed on how its efforts are perceived by those affected by its actions. Trade associations are also beneficial to government because they provide technical and specialized information pertaining to their industries.\textsuperscript{69} This is especially helpful to cash strapped governments with limited resources that often lack the technical expertise and specialization of trade associations. Trade associations also perform the vital role of assisting government in the implementation of public policies.
The key to a successful association is its ability to provide useful information to both its membership and government. The approach that a trade association takes to public policy advocacy will have a tremendous impact on the effectiveness of the association. It is crucial that an association assumes a highly professional approach to advocacy and makes presentations to government officials based on solid research as opposed to emotional reactions.

Although trade associations are very useful at articulating and serving the needs of their membership, their scope is limited to the industries that they represent. By their nature and design, trade associations are not broad based and do not transcend different industries. This hinders the range of business interest representation that such associations can provide. Such groups are useful at providing detailed information that is industry specific but are not useful at articulating the broader issues of business. For this reason, it is essential that broad-based inter-sectoral business associations exist to lobby government on issues that affect a broader range of business interests.

The ALLIANCE OF MANUFACTURERS AND EXPORTERS CANADA

The Alliance of Manufacturers and Exporters Canada (AMEC) is one of the oldest business associations in Canada and solely represents interests in the manufacturing sector. The Ontario Manufacturers’ Association was formed in 1874 to advocate tariff protection. This group expanded to form the Canadian Manufacturers’ Association in 1887. The name was subsequently changed to the Alliance of Manufacturers and Exporters Canada in 1999. With a membership of over 3,000 firms the Alliance represents over 80% of Canadian
manufacturing output. The main functions of the Alliance are to advocate the public policy
interests of Canadian manufacturing and to provide its members with information. In order
to be eligible for membership, firms must have a minimum of five employees and operate
in the manufacturing sector.\textsuperscript{70}

Individual membership fees are assessed proportionately according to each firm’s size. This results in a tendency for official positions in the association to be held by members from the larger firms which in turn provide most of the funding. All members benefit from a vast array of membership services offered. The staff of the Alliance are a tremendous resource to the membership as many are specialists in the areas of labour relations, taxation, technology, exports and government grants.\textsuperscript{71} In addition to handling general inquires the Alliances’ staff offers seminars on a variety of topics, surveys the membership, publishes a news magazine and offers discounts on insurance.\textsuperscript{72}

The Alliance engages in extensive lobbying efforts with governments at both the provincial and federal levels. The established position of the Alliance enables the association to take a proactive approach to government policy as opposed to confining itself to a reactive stance. The expertise within the Alliance allows the association to lobby government on a multitude of public policy issues. In the past the Alliance has supported free trade, deregulation, corporate tax incentives, lower taxes, a decrease in social programs and deficit reduction.\textsuperscript{73} The Alliance was also an avid supporter of the replacement of the manufactures sales tax with the infamous Goods and Services Tax.\textsuperscript{74}

Although it is difficult to measure the sheer magnitude of the influence of individual business associations such as the Alliance on the formation of policy, general indicators
lead one to conclude that the Alliance holds a formidable voice in public policy debate. In assessing the influence of the Alliance on public policy Brooks and Stritch contend that:

...as a well-funded, well-respected, institutionalized pressure group representing a major sector of Canadian economic activity, the CMA enjoys ready access to key policy-makers at the highest levels, and its demands always receive a hearing even if they are not always granted.75

This suggests that the Alliance is fortunate enough to occupy one of the rare privileged positions in interest group politics. This is extremely beneficial to the specific manufacturing interests that the Alliance represents, but it is not necessarily useful to the needs of other business areas. A void in business interest representation is clearly evident. In particular, the Alliance does not advocate the perspective of other sectors of the economy and the unique needs of firms that are small-medium sized. Even though there are many business interests that cross sector and size, there still remain a number of important issues that affect small-medium sized firms specifically.

THE CANADIAN CHAMBERS OF COMMERCE

The Canadian Chambers of Commerce (CCC) was founded in 1925 and is the largest broad-based association in Canada advocating the general interests of business. The CCC claims over 170,000 members representing all sizes, sectors, and regions in the country.76 The CCC was formed in order to ensure that a strong, unified, and influential advocate for the general interests of Canadian business is present in Canadian society.77 The mandate of the chambers is, “To create a climate for comprehensiveness, profitability, and job creation for businesses of all sizes in all sectors across Canada.”78 Consistent with
this mandate is the mission of the CCC, "To ensure that businesses across all industry sectors in Canada can thrive and prosper and that Corporate Members’ profits are protected and enhanced."  

The membership of the Chambers is broken down into five separate categories: organization members, corporation members, associate members, individual members and international organization memberships. The first category, organization members, consists of more than 500 community and provincial chambers. Local chambers exist in communities all across Canada and tend to focus on issues of a local nature such as local planning and development, tourism, transportation and municipal taxes. The local units are then affiliated with a provincial chamber that focuses on issues that fall under provincial jurisdiction, and the national chamber that focuses on issues at the federal level of government. Rather than adopt a strict hierarchial structure, the CCC has developed a loose affiliation that allows individual chambers to function as independent confederations.

The second category of membership, corporate members, consists of several thousand corporations that are represented directly at the federal level. These corporations exist in all regions and all sectors of the economy in Canada, and are composed of both small and large sized firms. This segment of the CCC membership provides the majority of the organization’s funding. Although these members do not have traditional voting rights, they possess all of the other privileges that membership entails.

Associate membership, the third category, consists of over 95 trade and professional associations that represent specific occupations or industries. In order to realize a broader base of support when lobbying governments, the CCC coordinates its efforts with these
groups. The fourth category, individual members, consists of individual citizens who may not be directly affiliated with a specific firm or association but, nevertheless are closely tied to business in Canada. The final category, international organization members, is comprised of international business associations for the purpose of providing a linkage between business people and foreign countries. This is beneficial given the global dimension that the nature of business has developed into the era of globalization.

The structure that the chambers assumes has a significant impact on the association. The adoption of a loose federation as opposed to a strict hierarchial structure allows for complete autonomy within jurisdictions. This is extremely beneficial to interests of a local nature. The federal structure enables the chambers to concurrently put forth pressure on the different levels of government. The membership structure ensures that the interests of small business, big business, and corporate executives are all represented. According to William D. Coleman, "...such a structure enables this organization to claim to be the business association most representative of all of Canadian business." Other business associations can not claim to truly represent such a wide spectrum of business interests.

The major drawback to such an all encompassing approach is that it makes it more difficult to devise consensus positions on a number of public policy issues where the interests of different segments of business are in conflict. At times, the CCC runs the danger of advancing the interests of one segment of its members at the expense of other members. Small-medium firms are at risk of having their specific concerns overlooked in light of the interests of larger more boastful firms. Conversely, given the wide range of interests present within the CCC, it is important that the association does not take positions on issues that
a clear majority of its members do not support, otherwise the association risks alienating large segments of its membership.

The functions of the chambers can be divided into political activities and membership services. The political activities of the CCC consists of non-partisan public policy advocacy to advance the interests of its members. This is achieved through regular interaction with public policy personnel in both formal and informal settings. The CCC lobbies for tax reductions, cutting Employment Insurance premiums and social programs, eliminating government regulation, privatizing crown corporations, reducing government debt and deficits, abolishing internal trade barriers within Canada and supports the Free Trade Agreement with the United States. These issues are advanced by presenting position papers to government departments, agencies, committees and individual politicians.

In performing public policy advocacy chambers have a tendency to use committees composed of member firms as opposed to developing stable in-house capabilities. This allows the CCC to optimize its resources by tapping into its vast membership base. The disadvantage of the chambers not having a strong in-house policy capability is that it results in an inconsistent and uneven contribution to public policy debates. It can also hinder the speed in which the chambers acts on specific issues under debate in the policy arena. The reaction time of the chambers is severely limited by a lack of in-house resources.

The second function that the chambers perform, membership services, consists of a variety of services offered to its membership. The CCC co-ordinates and provides management training courses to its members in addition to various seminars for executives.
It provides general information through a toll free hotline and specific information about Parliament through a directory. The CCC also communicates with its membership and keeps them informed on relevant issues through a bi-monthly newsletter, Ottawa Update and a magazine publication entitled Impact. Despite the vast array of services that the CCC provides to its membership, it is unable to adequately advocate the specific interests of small-medium firms in a multitude of circumstances. This is a strong indication of the void in the representation available to small-medium sized firms at the time.

In assessing the representative capabilities and effectiveness of business associations it is important to recognize that the interests of business are not always uniform. There are real discrepancies, whether small or large, in the interests of each segment of the business community in Canada. Small enterprise in Canada has adapted a business culture that is distinct from the corporate ethic that tends to dominate big business. Small business is characterized by independence, simplicity and adoptability which often contrasts the order, complexity, and conformity found in larger firms.

When assessing business interest representation in Canada during this time period it becomes clear that a void exists. Although the interests of Canadian manufacturers and other industry specific business group are well represented, the availability of broad-based inter-sectoral representation is limited. The chambers has emerged as a representative of the general interests of business in Canada, yet it fails to adequately advocate the unique interests of small-medium sized businesses.

The economic, social and political conditions of the 1960s provided the foundation for the emergence of the Canadian Federation of Independent Business. The Canadian
environment was conducive to the emergence of a new business association to advocate the interests of small-medium sized business. Business interests in Canada were faced with a proliferation in the number of interest groups advocating non business interests. The government had grown increasingly intrusive in the affairs of society and increased its regulatory efforts. The Canadian social safety net was being built and expanded to include a wide spectrum of services offered by the government at the expense of taxpayers and deficit financing. The existing business associations failed to adequately advocate the interests of small-medium sized business.

Edgar Benson’s 1970 White Paper on Tax Reform served as the pivotal event for small-medium sized business enterprise in Canada in conjunction with the lack of representation available for this segment of society. The reaction of small-medium sized business to the White Paper and the formation of the CFIB will be explored in the chapter III.

NOTES


3. Ibid., 98.

4. Ibid., 98.


12. Ibid., 170.


18. Ibid., 15.


20. Ibid., 21.


23. Ibid., 25.


33. The Economist, Politics Brief: Is there a crisis? (July 17, 1999), 50.
34. Loomis & Cigler 1978: 11.
35. The Economist July 17 1999, 50.
38. The Economist July 17 1999, 50.
41. Ibid., 20.
43. Vogel 1989, 40.
45. Thain 1979, 46.
46. Thain 1979, 46.
47. Vogel 1989, 112.


52. Litvak 1985, 320.


60. Litvak 1980, 34.

61. Litvak 1980, 34.


63. Ibid., 24.

64. Litvak 1980, 35.

65. Litvak 1980, 35.


67. Litvak 1980, 34.


70. Ibid., 213.

71. Ibid., 213.

72. Ibid., 213.

73. Ibid., 214.

74. Ibid., 214.

75. Ibid., 215.


77. Ibid., 1.


79. Ibid., 1.


82. Coleman 1988, 91.

83. Coleman 1988, 93.


85. Coleman 1988, 92.


89. Coleman 1988, 92.

90. Coleman 1988, 92.

CHAPTER III

THE FORMATION AND FIRST DECADE

This chapter will begin by exploring small business opposition to the 1969 White Paper on Taxation and the subsequent creation of the Canadian Council on Fair Taxation (CCFT) to fight the tax reform proposals that it contained. This chain of events led to the formation of the Canadian Federation of Independent Business (CFIB) to act as a permanent advocate of the interests of small-medium sized enterprise in Canada. The development of the CFIB’s leadership, membership and staff, organizational structure, relationship with other organizations, lobbying tactics and effectiveness as a representative of small-medium sized business interest over the first ten years of the association’s existence will then be assessed.

THE 1969 WHITE PAPER ON TAXATION

In 1969 Edger Benson, the federal minister of finance, published a White Paper on Taxation containing tax reform provisions that proposed raising tax rates for small businesses significantly. One of the provisions called for an increase in corporate taxes from twenty-one to fifty percent on the first $35,000 of income. Bulloch included the Benson White Paper in the curriculum of a finance class that he taught at Ryerson so he had familiarized himself with the content of the document and sensed that problems would arise if the proposals were implemented. ¹ For a list of questions from the interview with John Bulloch please see appendix 3. Deeply angered by the impact that the tax provisions would
have on small businesses, John Bulloch published an advertisement in the paper criticizing the Benson White Paper. In response to his advertisement Bulloch received hundreds of phone calls offering congratulations and monetary support. Bulloch met with a few of the most vocal callers and it was decided that an organization to fight the White Paper proposals needed to be formed. Bulloch took a leave of absence from Ryerson Polytechnic University where he was a faculty member and created the Canadian Council on Fair Taxation.

The sole purpose of the Canadian Council on Fair Taxation was to fight the White Paper proposals. The Council organized major rallies in nine cities across the country, raising $52,000 in one of the larger rallies. The Council soon gained national stature, proving to be a strong and effective voice in opposition to the White Paper. The magnitude of the Council was viewed as a tremendous political development at the time. Bulloch associates the success of the movement to the fact that it was largely about entrepreneurship as opposed to politics. In 1971, when the finance minister amended the tax reform proposals, the Canadian Council on Fair Taxation disband ed, having served its purpose.

THE FORMATION OF THE CANADIAN FEDERATION OF INDEPENDENT BUSINESS

During the life span of the Canadian Council on Fair Taxation, Bulloch began to sense that a real opportunity existed for the creation of a new, permanent business interest group to specifically represent the concerns of small-medium sized business in Canada. After the Canadian Council on Fair Taxation disband ed, Bulloch asked some of the
businesses that had provided him with funding if there was a need for him to continue his efforts on behalf of small-medium sized enterprise. A consensus began to emerge on the desirability of establishing a permanent voice to advocate the interests of small-medium sized business in Canada. From this vision John Bulloch formed the Canadian Federation of Independent Business to satisfy the void that existed in small business representation.

In addition to recognizing the void that existed in small-medium sized business representation, Bulloch also felt that Canada lacked an entrepreneurial culture. In John Bulloch's mind, it was the absence of a strong entrepreneurial culture that left small businesses without the support system that they required. In addition, Canada did not have the same tax breaks to assist entrepreneurial education as those found in the United States. In Bulloch's view, the teachers were also part of the problem in Canada, as they functioned like middle managers, offered no focus and used outdated textbooks. The new breed of business people in Canada were not getting the educational support that they needed to view entrepreneurial activities as viable options. This in effect hindered the process of small business renewal in the Canadian economy. Education would prove to be a strong emphasis of the association as it started to develop.

The task of building the Canadian Federation of Independent Business began with the need to build up the organization's membership. This involved communicating the purpose and objectives behind the new association, to both businesses and the general public. For the next five to six months Bulloch focused on renewing the memberships from the Canadian Council on Fair Taxation for the Canadian Federation of Independent Business. The methods employed by Bulloch at this time to expand his membership base
included telemarketing and advertising. Bulloch’s focus would soon change once he became aware of the personal interview technique used with enormous success by the National Federation of Independent Business (NFIB) in the United States.

On a personal level this was both an exciting and agonizing time for John Bulloch. Exciting because he was creating something new that he believed in, agonizing because he had given up his livelihood teaching at Ryerson in order to do so. This decision was in large part a leap of faith on Bulloch’s part and an indication of his entrepreneurial spirit and commitment to small business issues. At this point John Bulloch’s support system consisted of his father and brother, who assisted him in developing the CFIB and provided cash flow when he was in need. The effectiveness of Bulloch’s leadership style caused him to be approached by individuals in both the Liberal and Conservative political parties of Canada to run for elected office. Bulloch declined such offers as a tool to achieving his public policy goals. Instead, Bulloch viewed the CFIB as a viable entity and took the necessary steps to see it to fruition. It took a few years for the CFIB to develop but once it did, the association began to take on a life and presence all of its own.

Bulloch assumed the position of Chief Executive Officer and hired Raymond Sherk to serve as Vice President and General Manager. When organizing the CFIB, Bulloch visited the California headquarters of the United States small-medium sized business association, the National Federation of Independent Business to observe their practices. The NFIB was founded in 1943, represented 300,000 small-medium sized firms and was known for its democratic organizational style. The NFIB functioned as a positive frame of reference for Bulloch as he began to develop the CFIB’s associational culture.
The CFIB adopted the personal call system of communication with its membership, modelled after the NFIB structure. This involved a representative of the organization making a personal visit to each of the member's place of business in order to establish one on one personal contact. As William D. Coleman explains, "Through these means, the association increases members' attachment to the association in face of the real temptation to free ride, gets additional useful information, and reinforces members' definitions of their political interests." The hands on approach to membership provided the association with a direct communication link to its membership and contributed to greater membership retention.

In addition to structural characteristics, the CFIB also adapted some of the principles and objectives advocated by the NFIB. Such objectives include, "...(1) to promote and protect a system of free competitive enterprise in Canada; and (2) to give the independent a greater voice in laws governing business and the nation." These objectives are consistent with the unique interests of small-medium sized entrepreneurs in Canada. Small businesses are more likely to advocate the principles of free market competition than big businesses that tend to benefit from more monopolistic environments. Likewise, given the more elitist aspects of big business, large corporations are more likely to enjoy a privileged ease of access to politicians than their small business counterparts.

In the next ten years, the CFIB would prove to be more successful than the NFIB in attracting members. By 1981 the NFIB represented approximately 500,000 small-medium sized businesses and the CFIB had approximately 63,000 members. In comparative terms, the CFIB experienced a greater per capita concentration than the NFIB. In fact, the CFIB
had the greatest per capita membership of any small-business group worldwide. On the domestic front, the CFIB had the most rapidly growing individual membership of any organization and represented all regions and industrial sectors in the country. 17

PRINCIPLES AND OBJECTIVES

The Canadian Federation of Independent Business is a general intersectoral business association that represents the interests of small-medium sized business in Canada. In its advocacy role, the CFIB recognizes that the interests of big business and small business are not always in harmony. According to William D. Coleman, “The association sees itself defending the interests of small business against insensitive or ignorant government and protecting members in opposition to big corporations...” 18 The association recognized that at times the interests of small-medium sized business will be in conflict with the interests of politicians and big business. Therefore, it was necessary for small business to organize itself and to act as a cohesive whole. This would allow small business owners to put themselves in a position where they would have a legitimate role to play in the development of public policy.

In its formative years, the CFIB chose to take a very direct and specific path as a representative of small-medium sized business. “The CFIB follows a two-pronged approach to policy advocacy: it seeks to define and crystallize the interests of small business and then to speak to government in defence of those interests.” 19 By adapting this method to public policy advocacy, the CFIB attempted to prevent itself from going astray from its purpose and goals or becoming captured by government agencies. Placing an emphasis on
defining interests before taking action was necessary if the group aspired to be truly representative of its members.

The CFIB strived to be democratic in both its principles and actions. A one member, one vote policy prevailed and all public policy issues were voted on.\textsuperscript{20} For a list of the questions from the interview with Catherine Swift please see appendix 4. This practice was followed to ensure that all members were accorded equal value, and that a few predominately vocal or larger members were not able to dominate the decision making process. The CFIB’s approach to membership voting set it apart from other business interest groups that have had a tendency to be controlled by a small minority that was more powerful and forceful than the rest of the membership.

In the early stages of the CFIB’s development the potential for power to be concentrated in the hands of its leadership was present due to both circumstances and necessity. However, as the organization began to grow, Bulloch took the necessary steps to ensure that additional democratic principles were integrated into the CFIB’s structure. For the most recent organizational chart please see appendix 5. A system of formal checks and balances was implemented in order to secure the preservation of the associations objectives and principles. It was decided that the Board of Governors would include CFIB members whose primary responsibility in this capacity was to ensure that the CFIB staff was truly representing the interests of its membership.\textsuperscript{21} For the most recent list of the Board of Governors please see appendix 6.

The values of the CFIB were reflected in that the association did not take positions on issues without the presence of a clear majority of the membership supporting the
initiative. This practice had a number of advantages and contributed to the overall well being of the association. By not taking a position without a clear majority of the membership supporting the issue, the organization avoided creating unnecessary tensions and divisions within its membership. Unity of purpose and action were necessary component for the group to sustaining long-term viability. This philosophy also prevented a few domineering individuals from controlling or manipulating the association’s agenda to best serve their personal aspirations. Differences of opinion offered fresh insight into issues and in many cases was healthy to the development and growth of the group. However, problems do arise that can be harmful to the long-term stability of an association when individual differences are allowed to surpass the will of the majority.

Aside from the physical presence of democratic principles in the organization and structure of the CFIB, the values of the association have taken on a culture all of their own. From the beginning, with John Bulloch at the helm, the CFIB was very principled in its philosophy. Working at the CFIB was very much tied to a certain way of thinking and viewing interest group politics. Someone who did not believe in the principles and objectives of the association was not likely to seek employment in the organization. The staff served as a support system to comfort and guide one another in their quest to represent the interests of their membership in the best manner possible.

**ORGANIZATIONAL STRUCTURE**

The organizational structure that an association adopts and the entity’s group culture constitute a reciprocal relationship. The structure of an association serves as both a frame
of reference for action and a foundation from which to build and cultivate a unique group philosophy. How an organization decides to structure itself can be just as important as the principles and objectives that it represents because the underlying values of a group are embodied in the structure of the association. While many interest groups in Canada are structured similarly, the CFIB adapted a unique organizational structure. This helped to differentiate both the operations and the cultural make-up of the CFIB from other business associations.

Given that the organizational structure of an association communicates information about the group, changes in structure can be just as revealing about the group dynamics taking place within an organization. The early structure of the CFIB was designed to reflect the national focus of the association and its lobbying efforts. The association focused on issues that affected small-medium sized business owners nation wide such as income tax polices, unemployment insurance premiums and the conducive ness of the free market environment to the cultivation of small-medium sized enterprise. As the association began to develop and grow, the CFIB expanded its efforts to include additional issues that were more prominent at the provincial and municipal levels. In doing so, the CFIB extended both its structure and scope to reflect the new realities of the association.

The CFIB adopted a unitary structure to best embody the national focus of the lobbying efforts of the association. A unitary structure would help to preserve uniformity of purpose and action within the group as efforts would be taken for the benefit of the whole as opposed to narrow individual segments. As the organization began to grow, the head office in Toronto was supplemented with regional offices in Halifax, Quebec City, Montreal,
Winnipeg, Regina, Edmonton and Vancouver. This allowed the CFIB to preserve its unitary structure while accounting for the regional complexities present in Canada. See appendix 5.

It is important for any organization in a country with as large a geographical mass and cultural diversity as Canada to be sensitive to such realities in its structure. In the case of the CFIB adding regional offices to complement the unitary structure of the organization allowed the CFIB to preserve its unitary base while enhancing its lobbying efforts and taking into consideration regional differences. In the past, organizations that represented small business interests, such as the Canadian Chamber of Commerce, had a tendency to focus more on local issues than national lobbying. In many instances this served to dilute the message that the interest group presented to the federal government or advanced the interests of certain segments of the group at the expense of others. By adopting a unitary structure, complemented with regional offices, the CFIB was able to continue to place pressure on the national government in regards to issues affecting small business owners nationwide, while intensifying its efforts by lobbying the provincial governments on matters that affected the membership on a provincial and local level.

During the early years of the CFIB's development, its organizational structure and management style were modelled after a very top down approach, with all of the real operational power concentrated in the hands of a limited number of individuals. Bulloch and Sherk were the two key figures at the apex of power and dominated the decision-making of the association. During the first ten years of the CFIB's existence a shift began to occur from the Bulloch-Sherk management model to a much larger top management
team. The structure expanded to include two vice-presidents, several directors, a number of different committees and a Board of Governors. This institutionalized a greater degree of accountability within the structure and altered the manner in which decisions were made.

By the early 1980's the organizational development of the CFIB structure began to reflect the complexity of the association's activities. The head office in Toronto was divided into nine distinct departments to allow for a greater specialization of activity. The departments were classified as: Provincial Affairs, National Affairs, Research, Member Services, Communications, Planning and Finance, Data Processing, Field Operations and Education. This division of responsibilities and functions was a better reflection of the realities and activities of the association.

Some of the changes that occurred in the structure of the CFIB were in part due to the "1979 Crisis." The "1979 Crisis" began when Bulloch and Sherk decided to reorganize the field organization of the sales representatives to better serve the growing membership.

A number of the sales representatives that were in strong opposition to such a change ended up being escorted off of the premises of the CFIB Toronto headquarters by police. After the confrontation involving a section of the sales representatives, several of those involved resigned from the association's staff and decided to form their own organization. These individuals felt that by forming a distinct association they would be able to address some of the philosophical differences of approach between the majority of the CFIB and themselves.

The Canadian Organization of Small Business (COSB) was formed in response to what was perceived to be the shortcomings of the CFIB. The newly formed COSB
criticized the CFIB in the media for the following reasons:

(1) Bulloch and Sherk had an autocratic management style and they ignored staff recommendations;

(2) the CFIB planned to spend more than $5 million on a new Toronto headquarters instead of on membership services;

(3) the CFIB emphasized "high-level" government lobbying rather than help and advice on member's day-to-day problems;

(4) there was not enough communication between the legislative and field staff.³¹

The willingness of former CFIB staff members to communicate their differences of opinion with the existing organization through the media was an indication of the bitterness felt by such individuals.

The COSB wanted to pursue a different approach as a small-medium sized business association. Rather than focusing on lobbying efforts, the COSB wanted to concentrate its efforts on dealing with specific issues for individual businesses within its membership.³² An emphasis was placed on membership services as opposed to government lobbying.³³ The COSB desired a more activist and grassroots approach than that pursued by the relatively democratic CFIB.³⁴ Instead of adopting a unitary structure, the COSB preferred to form local "political action committees" to promote the association's goals and objectives.³⁵ Such actions represented a clear rejection of the institutionalization that was occurring within the association's development.

The individuals involved in the creation of the COSB rejected the opportunity to become a permanent, influential and effective participant in public policy development in
favour of more radical, immediate concerns. While the CFIB was growing to view activity in terms of the bigger picture, the COSB wanted to limit their involvement to smaller concerns. In comparison to the CFIB, the COSB emerged as a more right wing business association.  

The growth of the COSB was considerably slow and concentrated in a limited area. By 1982 the COSB had a membership of 5,000 plus, with over eighty percent of those members located in either Ontario or Alberta. The local focus of the COSB limited the scope and growth potential of the association in comparison to the CFIB. Bulloch did not see the group as a threat to the CFIB efforts, rather he welcomed the idea of having another small business group in Canada. This can be attributed to Bulloch’s competitive and free market spirit that thrived when met with new challenges.

Despite Bulloch’s willingness to embrace another small business interest group in the public policy arena the chain of events that occurred did have a number of significant repercussions for the CFIB. Much to Bulloch’s dismay, the CFIB Board of Governors voted to terminate Sherk’s involvement with the association. This was a particularly difficult event for John Bulloch, who had worked closely with Sherk for a number of years. Yet such a move clearly demonstrated that the Board was able to function as an independent entity in performing its checks and balance role. The Board also decided to take legal action to prevent former CFIB employees from using CFIB membership information in the COSB or disclosing other confidential CFIB information. Although this was in many respects a painful time for the staff at the CFIB, the association was able to successfully get past the split and continued to develop and thrive as an association. It also served as a reminder to
remain sensitive to its democratic principles as it approached institutionalization.

The **MANDATE PROGRAM**

The *Mandate* program and its use of surveys proved to be an intricate part of the CFIB communications strategy. It was decided that the four objectives of the *Mandate* program would be:

1. To gain the opinions and views of CFIB members on current public policy issues in order to present a national and unified voice to government at all levels.

2. To obtain statistically valid data from CFIB members.

3. To ensure that CFIB spokesmen presented only members' opinions and views.

4. To enhance the credibility and influence of the Federation.11

These objectives served as the guiding principles behind the implementation of the program and how the information obtained from it was channelled. By adapting these objectives, the CFIB was able to successfully distinguish itself from other business associations.

*Mandate* is a publication of the CFIB that the organization decided to mail to all members nine times per year while Parliament was in session.42 The publication served as an instrument from which the CFIB provided its membership with information and also obtained pertinent data from them. It describes current CFIB activities and efforts on behalf of the membership and contains pictures of CFIB staff presenting briefs or engaged in conversation with politicians. Excerpts from member's letters to the CFIB are incorporated, along with a statement of the organization's objectives.
Questions on issues of public policy under debate or presented before Parliament or the Legislature are included along with a detailed list of the pros and cons of each position. Members are asked to vote for, against, or undecided on the questions. The results of each vote can be found in the next Mandate published, along with new issues to vote on. The response rate for these questions averages between twenty and thirty percent and it has been estimated that at least eighty percent of the membership votes a minimum of once per year.\textsuperscript{43} This means that the vast majority of the CFIB membership participates directly at some point during each year, which in turn gives the organization added credibility when advancing the interests of small-medium sized business. For an example of a Mandate publication please see appendix 7.

The organization decided to send the results of Mandate votes to Members of Parliament and Members of Provincial Parliament to inform them of the views of members in their constituencies. The survey results represent the public opinion of a formidable section of the population. Pressure can then be placed on politicians individually who represent constituencies with large concentrations of CFIB members. This has proven to be a very effective tool in capturing the attention of politicians who rely heavily on voters to obtain election or re-election. The survey results also provide useful information to the bureaucracy, which functions as the source of many public policy initiatives.

The summary results of the Mandate votes formed and continue to form the basis from which CFIB policy positions in speeches and briefs presented to governments are formulated.\textsuperscript{44} The results of questionnaires are also a useful and effective means to aid the CFIB in structuring the views of small-medium sized business operators. This would
become a fundamental part of the CFIB’s approach to policy advocacy. The survey process functioned as a vehicle from which to aid the CFIB in guiding its members to define their own interests, how they view politicians and what issues they chose to take action on. Members need to have a firm grasp of their interests before the CFIB can effectively advocate in a meaningful way on their behalf. If the association does not have a solid foundation from which to advance the interests of its membership, then the CFIB will have difficulties establishing a sense of legitimacy and credibility with politicians, civil servants, and the general public. This would become a crucial component in the development of the advocacy function of the CFIB.

In addition to the Mandate publication, the CFIB opted to send out informative literature to its membership when the need arises. This complementary documentation takes the form of special “alert” bulletins. Such bulletins were an extremely effective means of informing members of pressing issues when they arose, and increased the speed of the CFIB’s reaction time on rapidly developing situations. Through the use of special “alert” bulletins the CFIB has equipped itself with an effective communication tool that all interest groups do not take full advantage of, but one that any group aspiring to realize group success must employ.

The Mandate program served as an intricate element of the CFIB’s associational development. In its lobbying efforts the CFIB has had to learn the political process and the most appropriate manner for it to participate in the process. The Mandate program provided the CFIB with an instrument from which to both learn and build upon. Although the development and learning of an association is an ongoing process, the majority of the
fundamental learning and development of the CFIB occurred in the first ten years of its existence. The events of the first ten years would serve as the foundation and building block from which the association would establish itself and base its future development.

SALES STRATEGY

The sales strategy cultivated by the CFIB from its inception entailed clear guidelines from which the association built upon to sustain long-term growth. In order to ensure the development of a strong connection with its membership, it was decided that personal interviews would be used to sell all new memberships and renewals. The use of individual interviews created a more personal linkage between the association and its members, resulting in an average renewal rate of 80 percent. This approach was taken from the NFIB strategy, and differentiated the CFIB from other business associations in Canada.

In order to create a consistency with the information members and potential members receive, the same selling strategy is employed by all of the CFIB salespeople in their dealings with business owners. All salespersons are aided with a variety of promotional literature from which business owners can gain information about the association and issues facing small-medium sized businesses. In the early years this entailed an “Action Report” that documents some of the CFIB’s lobbying achievements, along with a copy of the most recent national survey. The publication, “Small Business, the Soul of Your Community,” a publication that discussed the importance of small business and the need for small business people to become more politicized, was also included. This
strategy helps to ensure that all of the business people visited received the same message from the sales representatives and that the CFIB message was not altered or diluted in any form. In addition to discussing general issues facing small business, the salespeople determined the most pressing concerns of each business and the manager after a membership was sold or renewed. This provided the association with more customized information on its memberships needs.

MEMBERSHIP AND STAFF RESOURCES

Membership fees were assessed on the basis of the gross revenue of each business and are tax deductible. Initially the minimum fee that an individual voting member could contribute was $50 and the maximum contribution was set at $500. This ceiling was later extended to $1,000. The average fee collected prior to 1985 tended to range between $75 and $300. By 1981 ninety field representatives were visiting 2,000 businesses each week and the membership was growing at a rate of approximately 150 members per week. The sales representatives pay structure was based on a straight commission of fifty percent for new members and twenty-five percent for renewals. The fee structure was designed to maximize the membership by ensuring the greatest possible access for small business owners, while providing the association with adequate funding for its operations.

The CFIB is differentiated from other organizations in that it does not accept any financial support from big corporations or big banks. The association prides itself on being non-partisan so it does not obtain any funding from political parties or governments. This also means that the CFIB does not make any contributions to political parties or election
advertising. CFIB revenues are based on funds received from its membership and in latter years on revenue from rental space in its Toronto building. This proved to be a wise choice because it allowed the association greater autonomy and flexibility in the issues it chose to get involved with. The CFIB did not have to qualify the stance that it took on issues for fear of offending financial contributors other than its membership.

Initially, the CFIB was very limited in its staffing resources, the financial constraints of a newly created group made the hiring of a large support staff difficult. Until the CFIB was able to build up its membership ranks, the finances necessary to sustain a large staff would not be available. In its early days the CFIB essentially relied on the expertise of John Bulloch and a dedicated team of volunteers. Slowly the CFIB staffing team was expanded. For all practical purposes John Bulloch was the face behind the CFIB operations. At this stage in the development of the CFIB the association would not have been able to preserve its existence without its leader. Bulloch formed the integrating linkage between the membership and the association.

As the membership increased, the availability of resources to the association underwent a profound expansion. The additional funding from membership fees allowed the CFIB to cultivate its efforts through the enhancement of staffing and research. In 1978 Bulloch began an extensive effort to recruit high caliber people to join his team at the CFIB. By 1981, the CFIB’s operating budget was over $5 million and its staff had grown to 125 employees. A Director of Research was hired with a budget of over $500,000 per annum. The association was able to employ research assistants, consultants and university professors to explore the issues that affect small-medium sized business in Canada. Policy
research included analysis in the areas of pension policy, labour standards and international banking practices. This represented a substantial progression in the research capacity of the CFIB, something that was necessary if the group was going to realize maturity.

A number of key staffing decisions were made during the latter half of this period. Jim Bennet was hired as the Director of National Affairs. Bennet brought with him a tremendous amount of expertise and experience. Bennet's credentials included having worked in the federal public service as a bureaucrat in two federal departments, serving as a political assistant to the Minister of Industry, trade and Commerce (Jean Cretien), and running as a liberal candidate in a 1978 by-election. The CFIB was now in a position to expand the number of credible and experienced personnel in its ranks, and by doing so the CFIB was making an investment in the associations future.

On the provincial front, Brian Gray assumed the position of Director of Provincial Affairs. Gray had an educational background in general management in addition to experience in the federal bureaucracy and federal-provincial relations. Subsequently, Gray hired regional officers, whose primary role was to influence public policies at the provincial level of government. The regional officers were equipped with a background in politics, the bureaucracy or industry associations. Experience in these areas was highly beneficial to the regional officers, as part of their responsibility involved meeting with provincial politicians and civil servants to present CFIB survey data, policy positions and findings.

The implementation of a permanent regional network was a significant and necessary advancement in the development of the CFIB if the association wanted to intensify its lobbying efforts. This was recognized by Bulloch at the time, who felt that devising the
regional offices was vital to increasing the impact of the association. This structural advancement allowed the CFIB to intensify its lobbying efforts at the provincial level of government, where many issues affecting small-medium sized business occurred.

The association purchased valuable property and a new 100,000 square foot building became the headquarters for all Toronto CFIB employees. The efforts of the CFIB were heightened by a centralized computer system, library and research facilities. These resources represented a vital component in the development of the association. In the first ten years of its existence the CFIB was able to expand itself from essentially a one man operation to a flourishing association supported by a highly skilled support staff and sound research.

LEADERSHIP

John Bulloch is the son of an outspoken and vocal individual who was a Toronto tailor and small business owner. His father was known for his advertisements that criticized the "modern horrors" of communism, abortion, taxes and liberated women. After graduating from the University of Toronto with a degree in engineering and business in 1956, John Bulloch was employed as a salesperson for Imperial Oil. Bulloch soon found that he did not like the rules and restrictive atmosphere of big business, instead preferring the more independent and flexible nature of the small business environment. By 1969 Bulloch had managed a fuel-oil dealership in Kitchener, completed an MBA at the University of Toronto, managed his father's two branch stores on the side, and became a teacher in the Faculty of Commerce at Ryerson Polytechnical Institute.
As the founder and Chief Executive Officer of the association, John Bulloch served as the face of the CFIB during its formative years and nurtured it to maturity. Given that the CFIB was essentially a one man operation, Bulloch dominated the association and the direction that the organization took. The lobbying efforts of the CFIB were based on the leadership skills and style of its leader. Initially, Bulloch was involved in the vast majority of the day to day operations of the association and personally devised and refined the mandate questions that were sent to members each month to vote on. As the resources of the CFIB began to grow, Bulloch began to delegate such tasks to the support staff.

The CFIB needed strong and assertive leadership during this period of its existence if it was going to carve out a long-term position for itself in the public policy circle. Many of the actors involved felt that Bulloch had come out of nowhere, looked upon his actions with suspicion and questioned his motives.68 If the CFIB was going to establish itself as a permanent voice of small-medium sized business interests, Bulloch would have to be able to sustain close scrutiny and maintain his position in the face of opposition. Bulloch’s personal knowledge and background in business made him well suited to face such a task.

Bulloch has a strong personality and presence so he was an ideal candidate for the daunting task of building an association from the ground up. As the leader of the CFIB, Bulloch became known early on for his loud and confrontational approach to seeking influence. Bulloch had a creative splash that enabled him to gain attention with his outrageous actions.69 At the time, the outlandish approach taken by Bulloch was necessary if he was going to capture the attention of politicians, the bureaucracy and gain favourable public opinion. There was also the danger of isolating the group from the majority of society
if Bulloch appeared to be too much on the fringe. Interest groups considered to be too extremist and radical in their causes have a tendency to experience difficulty in gaining the favourable opinion of the majority of society. The CFIB was a new interest group that had not yet established itself in the public policy arena. Until the politicians and bureaucrats were assured that the CFIB was a permanent, productive force to be reckoned with, it would be a challenge for the CFIB to gain access.

At this stage of the CFIB’s development the battle was largely fought in the realm of public opinion, so it was necessary for Bulloch to stir up the status quo in the business community with his provocative campaigns. The CFIB benefited tremendously from the fact that there is a tendency for members of the general public to believe and associate credibility with what small business owners have to say when compared to big business and politicians. This allowed Bulloch to portray politicians as being either insensitive or unaware of the implications of their actions on small business.

LOBBYING STRATEGY

As mentioned earlier, in the initial days of the CFIB’s existence, the lobbying efforts of the association were limited to public campaigns fought largely in the media. The CFIB attempted to win the support and favourable opinion of the general public. By fighting its battles in the realm of public opinion, the CFIB hoped to capture the attention of government officials. It was believed that if the CFIB could gain favourable public opinion, it would be more difficult for the government to ignore the concerns of the group. This was an
indication of the early stage of development that the CFIB was experiencing.

An example of this style of campaign battle occurred in 1974 in what is known as the "Don't Skin the Beavers" campaign. In protest of a forty percent increase in the employer contribution to Unemployment Insurance (currently Employment Insurance), the CFIB asked all of its membership to make the additional payments in special sized cheques that were fifteen inches wide and three feet long.\textsuperscript{70} This largely symbolic action on the part of the CFIB was designed to attract attention to the issue of increased employer contributions to Unemployment Insurance and the displeasure of the CFIB membership to the change. The flashy approach to the issue utilized by the CFIB also created an eye catching event for the media to report on.

One of the more radical and outlandish techniques employed by the CFIB occurred when the association decided to take legal action against Her Majesty the Queen for the participation of the federal government in an illegal postal strike. The CFIB sued the Queen for $100 million to cover the losses experienced by its membership due to the disruption that occurred in postal services during the strike.\textsuperscript{71} Although the CFIB made it appear as though the dollar value of the lawsuit was based on solid research data, in actuality the group made up the number and though that $100 million sounded like a nice round figure to work with.\textsuperscript{72} Tactics such as these are more common in undeveloped groups that lack both the resources and ease of access to pursue other methods.

Aside from the more radical means that the CFIB used to draw attention to its public policy issues and concerns, the CFIB also relied heavily on question period in Parliament as a primary tool.\textsuperscript{73} Question period provided an excellent opportunity for
government ministers to be held accountable in a public forum for the activities and policies of their individual departments. Equipping members of the opposition with questions and information on issues that might embarrass or raise concern over the conduct of the government was an excellent way to draw attention to any policies that the CFIB felt were not in the best interest of small business enterprise.

By 1981 the CFIB was much more sophisticated in its lobbying methods and hence becoming more institutionalized in its development. John Bulloch served in his capacity as President of the CFIB on a variety of advisory groups that reported to the Prime Minister and the Ontario Premier. Providing submissions to the governments of Canada became a regular component of CFIB activity and strategy.

Unlike during the earlier years, the CFIB lobbying initiatives were now supplemented with professional public relation programs. John Bulloch, the most visible symbol of the CFIB, toured regularly under carefully staged conditions. These efforts were complemented by the use of print and electronic media to ensure the greatest degree of exposure possible for the association. The CFIB also placed an emphasis on the importance of educating people on the benefits of small business and entrepreneurship to local communities and the Canadian economy. To fulfill this priority, the CFIB made available special educational program on small business to high schools, community colleges, and universities. In its educational efforts, the CFIB also distributed over 300,000 copies of a pamphlet entitled, "Small Business Is Good Business." At this point in its development, the CFIB was using every means available to it, to convey its message to both the general public and government officials.
The CFIB began to formulate solutions to the problems affecting small-medium sized businesses in public policy debates, as opposed to just offering criticism. This represented a significant aspect of the CFIB’s institutional development. As the membership base of the CFIB began to grow, the association became equipped with the necessary resources to devise intelligent alternative solutions to public policy. Such a development is part of the institutionalization process that allows interest groups to become an integrated part of the public policy process. Once the CFIB began to recommend specific changes, and complemented its suggestions with solid research, its potential to influence policy at its earlier stages began to develop and grow.

RELATIONSHIPS WITH OTHER ORGANIZATIONS

The CFIB considers itself to have established good working relationships with other interest groups although they disagree with many groups on particular issues and policy directions. The CFIB has collaborated with other groups to maximize its impact by strategically placing additional pressure on politicians and bureaucrats. This has been done with the implicit intention of achieving a desired end that is favourable to the association’s objectives. Such coalitions are determined on a case by case basis. In some instances, the CFIB has felt that it can be more effective in realizing its objectives if it collaborates with additional groups while in other instances it has considered such action not to be in the best interest of the association and its cause. The CFIB has worked in close co-operation with groups on certain issues but been in opposition with the same groups on other matters. This is part of the coalition process.
The CFIB has established good working relationships with a number of sectoral associations including but not limited to bar associations and chartered accountants. With these groups, the CFIB has exchanges valuable information that benefits all parties involved. The CFIB has also worked with groups that at first may appear to be unlikely allies in coalitions on specific lobbying efforts. The willingness of the CFIB to collaborate with a wide spectrum of groups to achieve common goals has served as an indication of the maturity of the association. The CFIB has been willing to meet with, and discuss issues at hand with a multitude of different individuals and groups. It has not limited its interactions to like minded individuals and associations.

In addition to the CFIB’s coalition building with other organizations domestically, the CFIB began to extend itself on an international scale. By 1981, John Bulloch had become a member of the Steering Committee of the International Small Business Congress. The extension of the CFIB’s profile as a representative of small business internationally was an indication of the growing sophistication of the organization. International recognition in the business community symbolized the credibility that the CFIB was able to gain as a representative of small-medium sized business.

The CFIB also developed an openness to discussing issues with politicians and officials from all political parties in Canada. The CFIB adopted a non-partisan stance towards political parties as mentioned earlier, and found that it was in the best interest of the association to meet with members from all of the major political parties, regardless of party positions. Given the pragmatic and brokerage characteristics present in the Canadian political party system, it has been possible for the CFIB to gain support for favourable small
business public policy with different parties. Depending on the political environment, the CFIB has been able to work successfully with a variety of governments. Likewise, even though a political party may become associated with certain ideas and principles, it does not necessarily translate into policy initiatives that are in accordance with those ideals. Therefore, it is extremely beneficial for the CFIB to maintain relations with as many political parties and representatives as possible.

EFFECTIVENESS AND IMPACT

One of the greatest changes that began to occur regarding the lobbying efforts of the CFIB revolved around the issue of credibility. According to John Bulloch, an association's credibility is based on the quality of the staff, the quality of resources and the quality of the membership. The CFIB was well on its way to possessing all of these characteristics. Once a group establishes a certain degree of credibility it is able to secure access to decision-makers and politicians. Depending on the degree of credibility awarded to groups, politicians may call on the group's representatives for special meetings and to obtain information. This is an indication of a group's influence and its institutionalization.

It is important to acknowledge that a group's credibility can be lost very quickly if it does not conduct itself in an appropriate manner. In order to cultivate the long-term survival of a group it is essential to be sensitive to the political environment in which one lobbies. This is often manifested by lobbying certain governments, during particular circumstances, on specific issues, which required a degree of political sophistication. It is important for interest groups to choose their battles wisely if they want to sustain long-
term development and hence long-term influence.

The early victories of the CFIB were largely based on emotions and taxes as opposed to solid research and vigorous lobbying behind the scenes. During the early years of the CFIB’s existence, this type of victory served the association’s needs and objectives well. By 1981 the CFIB had become more mature in its approach, dealing with additional areas that were increasingly technical and complex. This natural progression in scope involved an increase in resources and hence a broadening of lobbying techniques. In some instances the CFIB lobbied the government in order to achieve minor changes in bills. By lobbying the government to make minor changes to its legislation, the CFIB conveyed a willingness to work within the system.

A willingness and ability to achieve consensus when possible is an important part of successful lobbying. Paul Pross finds that in Canada’s political system, consensus is associated with legitimacy. Once a group is considered to be a legitimate organization, the concerns of the group are taken more seriously. Although legitimacy does not translate into achieving victory on every issue, it does ensure a voice in the policy process. The CFIB was persistent and consistent in its quest to obtain and maintain a sense of legitimacy in the policy process. In doing so, the CFIB was able to shape perceptions of the association. According to Pross, “Perceptions of influence affect how individual groups are treated by the media, officials, politicians, the public, and other groups.” For the CFIB to become a viable entity at this stage in its development it was crucial that they were able to influence others’ perceptions of the organization and establish a sense of legitimacy. During the first ten years of its development, the CFIB was successful in both of these areas.

91
Measuring influence is never a simple or clean process as there is always a number of different players involved in any given issue. In light of this, it is essential that any group aspiring to exert influence establishes a sense of legitimacy and is persistent in its actions. According to Bulloch, because of the difficulty in measuring influencing it is important to campaign on all issues.\textsuperscript{90} The CFIB strives to maintain involvement in a vast array of the issues affecting its membership. During this time period the CFIB began to establish a sense of perseverance in its approach to lobbying. The CFIB has adopted a never give up or go away motto in recognition that public policy and advocacy is an ongoing process.\textsuperscript{91} This strategy has enabled the CFIB to achieve influence on the issues that it advocates. During the first decade of its existence, this approach translated into CFIB involvement in debates on issues affecting small business owners even if it did not always translate into favourable policies. This achievement on its own was a tremendous accomplishment in the realm of interest group politics.

When reflecting on the first ten years of the CFIB’s efforts, the association is able to point to a number of positive developments. One of the most pressing issues for small business owners is that of taxation. During this time period the federal government decided to allow small business owners to fully deduct the salaries paid to spouses in unincorporated businesses.\textsuperscript{92} This was a provision advocated by the CFIB and reinforced by the outcome of a Mandate Vote in favour of such a tax break. The CFIB attributes Mandate support of the initiative to achieving all-party support of the policy.\textsuperscript{93}

The elimination of red tape and the paper burden associated with it is also a pressing issues affecting small businesses. The CFIB has lobbied vigorously to eliminate such
constraints on small business owners. The CFIB points to the creation of the Federal Paperburden Office as an indication of its efforts to have the Paper burden reduced. Small businesses were also aided by the federal government’s creation of a new Ministry of State for Small Business in 1976 to address the concerns of small businesses. Instead of administering new programs, the Ministry listened to the concerns of small businesses, developed policy, gathered statistical data and communicated with other departments regarding small businesses.95

The CFIB was active on the issues of unemployment insurance and education. In the area of unemployment insurance, the CFIB lobbied the government to tighten the regulations surrounding the program.96 This is an ongoing issue that required the CFIB to remain active on a permanent basis. In terms of education, the CFIB has strived to turn its value on education into tangible initiatives. To educate people on the issues surrounding small businesses, the CFIB became involved in the distribution of a newspaper column on small business and a weekly small business radio series.97 Recognizing the value of knowledge, the CFIB began to provide government officials with information on small businesses on a regular basis.98 All of these measures are a reflection of the growing maturity and influence of the CFIB.

DEVELOPMENT OF INSTITUTIONALIZATION

The first ten years of the CFIB’s existence proved to be both an exciting and challenging time for the association. From John Bulloch’s vision of a more responsive and
effective representative of the interests of small-medium sized business, emerged a viable and strong business association. During the formative years of the CFIB, Bulloch was able to lay a strong structural foundation from which to cultivate a vibrant and dynamic group culture. As the membership of the CFIB flourished so too did the resources available to the association. These resources were able to assist the CFIB in its lobbying efforts and membership services. The CFIB began to develop as a small business interest group and matured in its lobbying techniques during this time period. Although the CFIB was not fully institutionalized during the first decade of its existence, the CFIB did take the necessary steps to ensure that it would maintain a position in public policy debate.

The next ten years of the CFIB's development would prove to be critical to establishing and reaffirming a permanent position for the CFIB in the public policy arena. During the first ten years of its existence the CFIB had been successful in gaining membership, resources, recognition, influence and access. For the next ten years, the CFIB needed to focus on reinforcing these achievements into the system with an emphasis placed on research. The CFIB had to take measures to ensure that it would be able to sustain its existence past the duration of its leader and founder, John Bulloch.

The 1981 federal budget and the CFIB's reaction to it would prove to be a particularly trying time for the association. This event, and the implications that it would have on the CFIB will be explored in the next chapter. Chapter four will also focus on the second decade of the CFIB's development in terms of its membership and resources, leadership, structure, lobbying techniques and effectiveness as a small-medium sized
business interest group. This time period would prove to be a critical time in both the
development and future survival of the association as a lobbying entity.

ENDNOTES

1. This information is based on a phone interview with John Bulloch conducted on April
   14, 1999.


5. William D. Coleman, Business and Politics: A Study of Collective Action (Kingston:


    MacEachen Budget” in Canadian Cases in Business-Government Relations edited by
    Mark C. Baetz and Donald H. Thain (Toronto: Methuen, 1985), 326.


20. This information is based on an interview with Catherine Swift conducted on March 31, 1999.


22. Interview with Catherine Swift, March 31, 1999.

23. Interview with Catherine Swift, March 31, 1999.

24. Interview with Catherine Swift, March 31, 1999.

25. Interview with Catherine Swift, March 31, 1999.


34. Coleman 1988, 90.


42. Baetz 1985, 330.
47. Interview John Bulloch, April 14, 1999.
52. Baetz 1985, 331.
60. Baetz 1985, 337.
64. Baetz 1985, 338.
68. Interview Catherine Swift, March 31, 1999.
70. Baetz 1985, 337.
71. Baetz 1985, 337.
73. Baetz 1985, 337.
74. Baetz 1985, 337.
75. Coleman 1988, 89.
76. Coleman 1988, 89.
77. Coleman 1988, 89.
78. Interview Catherine Swift, March 31, 1999.
82. Baetz 1985, 337.
84. Interview John Bulloch, April 14, 1999.

98

89. Pross 1992, 93.


91. Interview Catherine Swift, March 31, 1999.


CHAPTER IV
THE SECOND DECADE

This chapter will begin by exploring the 1981 federal budget and the CFIB's opposition to it. This lobbying campaign represents one of the most significant events in the development of the CFIB as an advocate of small-medium sized business interests. The fact that the CFIB was unable to establish a working relationship with the Federal Finance Department during pre-budget deliberations is damaging. The fact that the association was able to recover from the bitter dispute and regain access is impressive. The association went on to participate in a coalition that was successful in its lobbying efforts to see the implementation of a free trade agreement between Canada and the United States in 1988.

THE 1981 FEDERAL BUDGET

In the latter half of 1981, the CFIB was faced with its greatest challenge to date. Not only was the CFIB faced with a federal budget that was not in the best interests of small business, the vitality of the organization was being tested. During the time since its creation, the CFIB had gained a considerable degree of access to government and had grown to represent approximately 63,000 members. Given the severity of the implications of the budget to its membership, the CFIB decided to take an extremely aggressive and confrontational approach to both the federal budget and the Federal Finance Minister personally. This was a very risky strategy for the organization because in effect they were putting their credibility on the line. Allan MacEachen, the Federal Minister of Finance was
also the Deputy Prime Minister and had ambitions of running for the leadership of the Federal Liberal Party one day. In light of this, it was very unlikely that the CFIB would be successful in getting the Finance Minister to make any significant alterations to his budget once it had been released. In Canada it is very difficult to get governments to make any substantial changes to budgets once they are presented to Parliament. The approval of budgets is a very serious matter in Canada, as a government can fall over lack of confidence in their budget. In addition to this, early on a number of journalists were praising the budget for its objectives of “equity, restraint and renewal.” Initially, other business groups adopted either a neutral or approving stance towards the budget. These factors would make the CFIB’s chances of winning any major concessions on the budget almost impossible.

The CFIB’s involvement in the budget process began on September 14, 1981 when its officials met with the Finance Minister to present a pre-budget brief. During this meeting Jim Bennet, the CFIB Director of National Affairs, told the Finance Minister that essentially the government was headed in the right direction towards decreasing federal spending and that it would be wise not to change too much given the current uncertainty surrounding the Canadian economy. The CFIB stressed that it was not asking for any major handouts for small businesses, instead it was encouraging the government to make cutbacks in its spending to decrease Ottawa’s $14 billion deficit. Specific policy recommendations included across the board tax cuts, an increase in small business deduction limits, tightening unemployment insurance regulation, an extension of the low interest Small Business Development Bond Program and an increase in the tax-deductible
contribution limit for Registered Retirement Savings Plans. Unlike in previous years when the Finance Minister had provided the CFIB with some feedback on their recommendations, MacEachen was passive and withdrawn during the meeting.

On budget night, John Bulloch, Jim Bennett and Dave Hull eagerly waited in an Ottawa CBC studio to respond to the budget. As Director of Communications, Dave Hull's role was to ensure that Bulloch appeared in as many television interviews and on as many networks as possible. This calculated use of the media was a reflection of the organizational development that the CFIB had undergone as an interest group. Pat Johnson, a CFIB Vice President and board member, remained at CFIB headquarters in Toronto with the Director of Research, a tax accountant and a tax lawyer. The group eagerly prepared to react to the budget once it was released. The regional offices in Halifax, Quebec City, Edmonton and Victoria also waited to respond to the budget.

Initial reaction to the budget speech was generally favourable as the government appeared to be headed in the right direction and the projected federal deficit was smaller than expected. This initial positive response soon changed to alarm on the part of the CFIB once they received a copy of the budget and uncovered page after page of tax reforms. The confrontational tone that the CFIB decided to take towards the budget was set during media interviews the night that the budget was tabled. Bulloch chose to describe the budget as a "tax grab" disguised as "tax reform," "a bag of snakes" and a "cancerous abortion." The use of such harsh language by John Bulloch was quick to grab the attention of both the media and attentive citizens. Regional CFIB officials also reacted negatively to the budget stating that it, "...would lead to an even deeper recession since it actively
discouraged investment by decreasing tax breaks, and the increased tax breaks for small businesses would be more than offset by other increased taxes. Although the responses of CFIB regional officials to the budget were also negative, the use of strong language did not match that of Bulloch's response.

The more analysis that the CFIB did on the budget, the more alarmed the association became with the overall impact that its provisions would have on small business and society in general. When it considered the magnitude of the implications for small businesses the CFIB was left in a state of disbelief.\textsuperscript{20} Baetz comments on the CFIB reaction:

They were particularly incensed that, even though the proposed tax changes were more wide ranging and damaging in their implications and in worse economic times than the 1969 tax proposals, this time there was no formal opportunity for public input because the changes had been presented in a budget rather than a white paper as in 1969.\textsuperscript{21}

As mentioned earlier, it is very difficult to convince governments to make substantial changes to any budget after it has been tabled. At this point, the budget was essentially, "a fait accompli."\textsuperscript{22} The standard time for interest groups to give their input on the budget is during pre-budget consultation. In the case of the CFIB, a constructive dialogue was not achieved with the Finance Department when this stage occurred.

Despite all of the inherent obstacles that the CFIB would encounter in its quest to influence the government to change the 1981 federal budget in a meaningful way, the CFIB decided that the implications of the budget were so significant and far reaching that they could not stand by without a vigorous fight. In fact, the CFIB, "...felt the budget was so flawed that it must be totally withdrawn."\textsuperscript{23} As Baetz notes, "CFIB strategists decided to
completely risk their credibility in a direct frontal attack on the budget, and if necessary, on the Minister."\textsuperscript{24} The CFIB tax advisory committee which included tax practitioners, recommended that the CFIB launch an, "all-out confrontation."\textsuperscript{25} In order to equip the association with the necessary funds to undertake such a campaign, the Board of Governors authorized a special appropriation of $250,000 for the campaign.\textsuperscript{26} The CFIB was about to embark on its greatest challenge to date.

On November 15th 1981 Jim Bennett, the CFIB Director of National Affairs, sent a telegram to MacEachen the Federal Finance Minister, recommending that he delay implementation of the 1981 budget until a parliamentary committee held public hearings and issued a report.\textsuperscript{27} The Finance Minister was also facing additional pressure from opposition MP’s during Question Period. On November 19th during such a session, MacEachen responded to questions on the impact of the budget for small businesses by stating that he would meet with John Bulloch of the CFIB at a latter date to address his concerns.\textsuperscript{28}

The CFIB adapted a strategy of fighting the 1981 budget that consisted of communications with MacEachen’s department, opposition Members of Parliament, Liberal backbenchers, Senators and the general public.\textsuperscript{29} As part of its strategy the CFIB gave speeches in vulnerable Liberal ridings and sent a CFIB Report on the 10 most harmful aspects of the 1981 budget to all federal Cabinet Ministers.\textsuperscript{30} The CFIB’s decision to supplement their opposition to the budget with detailed technical analysis and to distribute their report extensively, was a wise lobbying technique.\textsuperscript{31} The use of detailed analysis added credibility to the CFIB’s objections to the budget and allowed the CFIB to present
itself in a more reasonable and responsible light to the general public.

In accordance with the confrontational nature of the campaign, the CFIB also launched a very public attack on the budget. This approach resulted in somewhat mixed results for the overall impact of the CFIB on the budget issue. The media print campaign began on December 2nd with a CFIB full page advertisement in the Globe and Mail containing, "ten reasons why open hearings should be held on the Federal Budget before going any further."

This particular advertisement was developed for the purpose of showing senior bureaucrats that the CFIB was a reasonable and constructive organization in addition to informing the general public of the budget's flaws. The approach taken in this advertisement was beneficial to the CFIB efforts because it was more informative than outright confrontational. It was successful at drawing attention towards CFIB concerns and those of the larger business community. MacEachen rebutted the CFIB claims in the advertisement but added that he might make some amendments to the budget in the upcoming weeks. In response to budget opposition a special Liberal caucus was held during which it is alleged that Liberal backbenchers pressured the Finance Minister to make significant changes to the budget. The CFIB intensified its efforts with a second, more controversial advertisement that was circulated in twenty-three major dailies across the country. In this ad the CFIB took a harsher tone, claiming that the budget was a disaster and that public hearings were a necessity. The advertisement went so far as to describe the MacEachen budget as, "a sly, devious document." The ad also claimed that members of parliament were probably unaware of the true danger of the budget and urged those with concerns to write to the CFIB expressing their objections. The ad was provocative by
design in order to intensify the arousal of the general public. If the CFIB could awaken the general public, pressure could be placed on the government beyond the business community. The objectives of the advertisement were to draw attention to the budget and to change the tone of the debate so that the Finance Minister would be forced to make major alterations as opposed to minor amendments. To reinforce this, the CFIB delivered several thousand responses to the budget in both English and French to the Finance Minister’s office in Ottawa.  

The use of strong language by the CFIB in the second advertisement was a potentially dangerous undertaking that threaten to destroy the credibility and the amicable relations that the association had spent the last decade cultivating. The tone and choice of language used by the CFIB in effect translated into a direct personal attack on the Finance Minister in a very public forum. The danger of such a public attack was increased by the fact that the Finance Minister was a close political friend of the Prime Minister. Although the advertisement allowed the CFIB to get its message across, the severity of its language most likely caused many of the Finance Minister’s officials and colleges to publicly rally around him in support.

In many respects, the CFIB had crossed the line of appropriate conduct in interest group politics. Stanbury notes, “It violated the most fundamental values of almost all the key players in the policy-making system.....In short, the ad probably soured CFIB’s generally good relations with the federal government.” As a result, it is very unlikely that such a course of action would persuade the Finance Minister to succumb to the CFIB’s demands. Despite the generally boastful and outspoken approach of the CFIB to lobbying, this
campaign involved the most confrontational tactics employed by the association to date.\textsuperscript{42} Nevertheless, the CFIB firmly believed that it was a necessary step and continues to stand by the course of action undertaken.

On December 9th the CFIB expanded the community of opposition to the budget by holding a joint conference and press release with a coalition of twenty-three major associations that called for changes to the budget.\textsuperscript{43} This was an indication of the coalition capacity that the CFIB was able to build and draw upon when needed, during the first this stage of its development. On an issue as all-encompassing as a budget, the CFIB needed the support of other associations to improve its effectiveness in its lobbying efforts. Otherwise, the association would appear to be advancing the interests of a limited segment of the population at the expense of the collective whole. The fact that over fifty other associations eventually joined the CFIB in a coalition against the federal budget is testimonial to the profile that the association had achieved to date and their mobilization skills.

On December 10th John Bulloch, Allan MacEachen and his former parliamentary secretary John Evans, met to discuss the impact of the 1981 budget on small businesses. The meeting transformed into a media event after the fact, gaining extensive coverage. Bulloch described the meeting as stormy in nature while John Evans denied this, claiming that the CFIB had in effect destroyed its effectiveness as a business representative.\textsuperscript{44} The battle lines were clearly drawn and any hope of achieving a consensus appeared to be highly unlikely. John Evans had gone so far as to question the CFIB’s ability as an advocate of business interests. As an established business interest group, this attack was potentially
harmful for the credibility of the CFIB in future lobbying campaigns.

In hopes of curbing the tide in opposition to the budget, on December 18th the Finance Minister announced twelve revisions to the budget. In a public relations campaign by the federal government, *Budget 1981: What it Means For Small Business* was released and 200,000 brochures were distributed nationally. John Bulloch criticised the government effort as propaganda and a clear abuse of taxpayers dollars for partisan purposes. The government's changes to the budget were viewed as doing little to aid small businesses.\(^{45}\)

Despite the federal government's amendments to the budget, the CFIB continued its lobbying efforts into 1982. CFIB members were encouraged to write their Members of Parliament expressing their displeasure with the budget.\(^{46}\) In addition to lobbying the federal government, the CFIB turned its efforts to the provincial governments which in many instances served as an effective source from which to place additional pressure on the federal government.\(^{47}\) The persistence of the CFIB did result in some additional changes to the 1981 budget. On June 28, 1982 MacEachen introduced a mini-budget containing public sector wage and price controls and a few modest concession in response to CFIB concerns.\(^{48}\)

In the short term, the approach taken by the CFIB to the 1981 federal budget resulted in the straining of relations between the CFIB and the federal government. John Bulloch lost some of his personal access to government officials, however, this lasted for a limited time and was merely a way for the government to demonstrate its displeasure with the CFIB's choice of tactics.\(^{49}\) This curbing of access was essentially limited to John Bulloch and did not prove to be as harmful in the long-term as one would imagine. The
temporary nature of the strain is demonstrated by the federal government’s willingness to meet with the CFIB to discuss other issues. Both of Allan MacEachen’s successors as Finance Minister, Mark Lalonde and Michael Wilson met with the CFIB to discuss their budgets before they were tabled. \textsuperscript{50} The activities of the CFIB during the next ten years also provide evidence that the confrontational approach used by the association did not cause irreparable harm. The CFIB took a tremendous risk when they launched their campaign against the 1981 budget and were fortunate enough not to cause permanent damage to their position as a credible and formidable voice of small-medium sized business.

The CFIB considers its approach to the 1981 budget to have been the proper course of action, firmly believing that the end does justify the means. As evidence of their effectiveness during the campaign, the CFIB highlights some of the development that occurred. The CFIB notes that it was able to draw a number of different groups together, including many members of the general public, in opposition to the budget’s provisions. Many individuals were empowered by the campaign, choosing to voice their concerns to the CFIB and local Members of Parliament. As a result of the opposition built around the budget, numerous amendments were made to the budget and both the Minister and Deputy Minister of Finance were subsequently removed from their positions. MacEachen’s leadership ambitions were crushed and the term “MacEachen budget” became associated with a politically weak budget. \textsuperscript{51}

The campaign launched by the CFIB against the 1981 federal budget proved to be a pivotal point for the association in its development. The outcome of the debate demonstrated that the CFIB had achieved a position in public policy that enabled it to
maintain a level of access to government officials while possessing the ability and the will to be overtly confrontation if the issues at hand deemed such a course of action to be necessary. The association showed that it could not be captured by the bureaucracy yet it could still work behind the scenes with officials when possible to reach mutually satisfactory policies. If officials were not willing to work with the association, then the CFIB was not afraid to launch an all out public attack against the government.

The CFIB’s ability to emerge from the 1981 budget debate as a strong business association demonstrates both the stamina and staying potential of the group. When the credibility of the CFIB was directly questioned and tested, the CFIB was able to emerge in tact as an association. Despite the relative success of the CFIB during the budget campaign, the risk of such an approach to lobbying on an ongoing basis became apparent. If the CFIB wanted to maintain its position and degree of access to public policy officials it would have to use such an approach sparingly. The lobbying strategy that the CFIB utilized was not characteristic of an institutionalized interest group.

POLITICAL AND ECONOMIC ENVIRONMENT

The political and economic environment in Canada began to undergo significant changes in the 1980’s. Such changes were a combination of both domestic and international forces that were in many respects beyond the control of Canadian public policy officials. The results of such changes in Canadian society were manifested with the election of a new government during the 1984 federal election. Brian Mulroney’s Progressive Conservative Party formed a majority government and in effect ended the Liberal Party’s
domination of federal politics and their inclination to increase spending and create new social programs. The Mulroney government was considered to be pro-business, interested in opening up Canada for business and fostering closer ties with the United States. The Conservatives were expected to take measures to decrease government regulation and reduce government expenditures. How effective the Conservatives were at achieving their policy goals is debatable. Many would argue that significant changes in federal fiscal policy did not really come into effect until 1993 with the election of Jean Chretiens’ Liberal Party and the appointment of Paul Martin as the Finance Minister.

The changes that occurred in the Canadian government’s economic policy were illustrated by a number of public policy developments. In 1985 the Federal Investment Review Agency was transformed into Investment Canada. In effect, the screening of foreign investment in Canada was relaxed substantially and the focus of the agency became to actively encourage foreign capital to enter Canada as opposed to acting as a watchdog. Also during 1985 the federal government along with some of the provincial governments shifted their public policy initiatives towards the privatization of crown corporations and the deregulation of the Canadian economy. During this time the trend towards state intervention began to fall under heavy attack and the “market” concept experienced a regeneration in popular appeal. Finally, in 1986 a New Competition Act was passed that signalled a new approach by the federal government to mergers and monopolistic practices. During this period Canada began to experience an increase in international competition and imports from newly industrialized countries. In addition to these developments, a growing number of discriminatory trade blocks were emerging in
international trade patterns. The European Economic Community (EEC) and its movement towards the integration of markets excluded Canada from its trading bloc. Furthermore, the EEC’s Common Agricultural Policy (CAP) had adversely affected Canadian access to the European market and caused harm to Canadian businesses with its subsidies.\textsuperscript{53} International trade had been a significant part of the Canadian economy throughout its history and development. Of particular importance were Canadian exports to the United States. If Canada was to experience significant restrictions to the American market the economic consequences for the Canadian economy would be grave.\textsuperscript{54}

The nature of the Canadian economy put Canada in a more vulnerable position than many other industrialized countries in regards to international developments. Canada relied more heavily on exports, foreign commerce and capital flows than other G7 countries.\textsuperscript{55} As a result, trade relations were very important to the Canadian economy. Trade policy in Canada had tended to focus on GATT but this was proving to be inadequate and a reassessment of Canada’s trade relations was in order.\textsuperscript{56}

By the early 1980’s the problems of stagflation, new international competition, the energy crisis and the threat of rising protectionism from the United States were beginning to take their toll on the Canadian economy. Government officials now recognized that the “third option” was not working and thus no longer a viable strategy for Canadian economic policy.\textsuperscript{57} As a result of this realization the Canadian government, “…exchanged the rather nationalist values of the 1970’s for the more integrationist approach of closer economic links with the United States, thereby highlighting the viability of free trade.”\textsuperscript{58} The realities of Canada’s economic situation meant that the issue of a free trade agreement with the United
States would resurface in public policy debate as a viable option.

THE CANADA-UNITED STATES FREE TRADE AGREEMENT

Although the FTA debate represents a significant event in terms of the state of business-government relations in Canada, it does not represent a major turning point in the development of the CFIB as an interest group. However, given the implications that the FTA will have on Canada’s business environment and economic policy, the issue will be explored. Of particular importance are the divisions that the issue created between business, labour and the general public.

In 1985 a Royal Commission chaired by Donald MacDonald, a former Liberal Cabinet Minster, issued its report, recommending the formation of a bilateral free trade agreement with the United Stated. By September of 1985 the Canadian federal government was formally committed to a free trade agreement with the United States and began formal discussions in May of 1986. Canada’s team was led by Simon Reisman and the United States team was headed by Peter Murphy. The two sides reached an agreement, the FTA was designed to come into effect on January 1, 1989 and would result in the gradual elimination of all trade barriers between Canada and the United States.

Although the issue of a free trade agreement led to relatively little discussion in the United States, in Canada the situation was quite different. The issue caused so much debate and division, that it lead to what became known as the 1988 Free Trade election. In August of 1988 John Turner, the Liberal Opposition leader took an unusual step by declaring that if there was not an election held on the issue of the FTA, he would ask the Liberal majority
in the Senate to block passage of the agreement. In the event that the Conservatives won the election, Turner would not take steps to prevent the passing of the legislation. The election was held on November 21, 1988 preceded by a debate between integrationist and economic nationalists.\footnote{59}

The election resulted in 170 seats for the Conservatives, 82 seats for the Liberals and 43 seats for the NDP. This enabled the Conservatives to form a majority government and ensured the passage of the FTA.\footnote{60} Despite the apparent victory of the Conservatives and the pro-free trade forces, the election results were deceiving. According to Brooks and Stritch:

> The results of the election were somewhat ironic. The NDP and the Liberals both opposed the Agreement, and the Conservatives received only a minority of the popular vote. However, because of the nature of the Canadian electoral system, this translated into a majority of seats in the House of Commons. The Conservatives and the pro-free trade forces had won: the Senate dropped its obstructions: the implementing legislation was rapidly passed: and the FTA came into force on January 1, 1989.\footnote{61}

When assessing the percentage of the popular vote that each party received, the Conservatives won 43 percent of the votes, the Liberals 32 percent and the NDP 20 percent, which meant that in effect 52 percent of Canadian’s supported the opposition.\footnote{62}

The FTA debate resulted in the mobilization of both the business community and labour. Each side was prepared to spend significant sums of money to get its message out to the Canadian public. Although the FTA was not beneficial to all business interests, the majority of the community came out in support of the agreement. Fear of American protectionism and the increasingly international nature of business, resulted in the business community supporting free trade where as historically they had been allied with labour on
In the case of labour, "The Free Trade Agreement provoked more labour militancy than had been seen in Canada since the 1976 'Days of Protest' against the anti-inflation controls." Thus, the FTA had a divisive effect on the relations between labour and capital.

The significance of the FTA has not ended the debate over free trade in Canada. The state of Canadian trading policies are in a constant state of evolution and development. Canadians were once again confronted with the issue of free trade with the emergence of the North American Free Trade Agreement between Canada, the United States and Mexico. The impact of such agreements can only be adequately assessed with the passage of time. When reflecting on the success of the pro-free trade forces it is difficult to assess the impact of the CFIB on the debate. Although it was an active participant in the Alliance for Trade and Job Opportunities, the pro-free trade coalition, one can not overlook the influence of big business and its spending on the issue. Likewise, it is important to recognize the distortions in the Canadian political system that provided for a Conservative victory without a majority of the popular vote.

EFFECTIVENESS AND IMPACT

The issues of the Free Trade Agreement between Canada and the United States and the Goods and Service Tax proved to be two of the most important and visible issues involving business-government relations in the 1980's. Both of these issues involved heated debate on the part of government, the business community and the general public. The free trade debate involved a fundamental reassessment of the direction of Canadian trade policy.
Along with many other business interests the CFIB took a pro-free trade position and joined the Canadian Alliance for Trade and Job Opportunities. Ultimately, the agreement was passed, yet it did create some division within the business community. The Free Trade issue is an example of the power and influence that the business community had gained over the federal government during this period of business-government relations.

The CFIB did not emerge as victorious on the issue of the Goods and Services Tax. Although the CFIB viewed this tax reform to be harmful for both small businesses and the general public, other segments of the business community were in favour of the tax. The Canadian Manufacturers Association (currently known as the Alliance of Manufacturers and Exporters Canada) adopted a pro-GST stance and criticized the CFIB for not being truly representative of its membership. This issue served to create division within the business community and proved to be an example of the interests of big business superceding those of small business.

During the GST debate the CFIB found itself allied with a consumer rights group, The Consumers Association of Canada (CAC). Although the CAC was strongly opposed to the GST, the CFIB proved to be more vocal and aggressive in its efforts to fight the proposed tax. This demonstrated the ability of the CFIB to work with other interests to achieve its goals when the situation warranted and the sheer determination of the group when compared to other interests. Although the CFIB has achieved a relative degree of institutionalization, it has not abandoned its desire to fight and its perseverance during public policy debates.

116
DEVELOPMENT OF INSTITUTIONALIZATION

The 1981 federal budget and the CFIB's strong opposition to it represents one of the most significant events to occur in the development of the CFIB since its creation in response to the 1969 White Paper on Tax Reform. The wisdom in the CFIB's decision to take an explicitly confrontational approach to the budget is somewhat debatable and highly uncharacteristic of an institutionalized group. The CFIB was unable to have a substantial impact on the Finance department during pre-budget discussions and after the tabling of the budget resorted to tactics that resembled those of a protest group. The campaign was completely public, very personal and highly confrontational.

Despite this apparent setback in the development of the CFIB, the association emerged from the experience relatively unscarred. The CFIB was able to place enough pressure on the government that amendments were made to the budget and the Finance Minister and Deputy Finance Minister were subsequently relieved of their respective posts. The CFIB went on to exert influence on the public policy process for the duration of the 1980's. The resilience and longevity of the CFIB can be attributed to the development that had occurred prior to this event.

Chapter Five will explore the development and activities of the CFIB during the 1990's and comment on the CFIB's direction as an association into the year 2000. Of particular significant during this stage of the CFIB's development are the issues of
membership services, technology and leadership. These areas will prove to be the driving forces behind CFIB activity and development during this period and into the future.

NOTES


2. Ibid., 325.

3. Ibid., 325.


34. Stanbury 1986, 380.
42. Stanbury 1986, 383.
44. Stanbury 1986, 381.
45. Stanbury 1986, 381.
46. Stanbury 1986, 382.
47. Stanbury 1986, 382.
60. Garos 1990, 39.
64. Brooks and Stritch 1991, 386.

CHAPTER VI

THE THIRD DECADE AND THE TWENTY-FIRST CENTURY

During the 1990s the CFIB continued to face new and exciting challenges as both an association and as an advocate of the interests of small-medium sized business interests. This chapter will explore some of these issues with a particular emphasis placed on leadership and technology. One of the greatest tests of an interest group is its ability to exist beyond its founder, the CFIB would prove to be both insightful and successful at this task. The association would also demonstrate ingenuity when dealing with globalization and its effects on the Canadian economic and political environment. How the CFIB was able to embrace technology in its future vision will be explored.

PRINCIPLES AND OBJECTIVES

Throughout the 1990's, the CFIB's core philosophy has remained the same. The association still views itself as a relentless advocate of small-medium sized business interests in Canada and has not changed its views on the necessity of protecting the interests of small business against the often conflicting objectives of government and big corporations. The CFIB views itself as, “The undisputed champion for small business fighting to build a better society into the twenty-first century.”1 It still values entrepreneurial spirit, open-markets, competition, fiscal responsibility and education.

The CFIB has strived to adapt and thrive in its ever changing environment while
remaining true to its values and objectives. Rather then resisting change, the CFIB has embraced it as a mean to an ends. The association has made a conscious effort to be forward thinking in its actions. This approach to change has allowed the CFIB to maintain its position in the public policy arena during the evolving 1990's.

Although the experiences of the CFIB during the 1970's and 1980's caused the association to change in many respects, the guiding principles of the association were not altered. The CFIB developed additional skills to enhance its efforts to maintain its principles and meet its objectives. As Catherine Swift notes, "There is no question that there has been more breadth, more depth, more sophistication and so on...but philosophically, we have remained very close to our roots." In doing so, the association has enhanced its lobbying efforts without being captured by any government agencies or regulatory bodies. The ability of an association to maintain its identity in spite of the real temptation to become too integrated with government agencies is an important part of a group's institutional development.

THE MANDATE

The CFIB's willingness to embrace change has allowed the organization to preserve the guiding principles behind the Mandate program into the 1990's, while improving the delivery of the publication. Advancements in technology and an increase in the resources available to the CFIB have allowed the association to offer the Mandate to its members via the Internet. In 1985 the CFIB launched its first web site. Members that have access to the Internet now have the option of voting on Mandate questions and viewing the results of
votes through this form of communication. By embracing new forms of technology, the CFIB has been able to use innovation and creativity to enhance its delivery of services to members.

The **Mandate** still remains the foundation for all CFIB lobbying initiatives and positions on public policy issues. The consistency with which the CFIB has utilized the **Mandate** over its lifespan has increased the legitimacy of CFIB lobbying efforts on behalf of small business owners. It has also preserved the democratic character of the organization. CFIB representatives continue to advance positions only if a clear majority of the membership agree with a given stance. If a consensus cannot be achieved, the CFIB continues to refrain from participation in the issue.

**MEMBERSHIP AND STAFF RESOURCES**

As the resources of the CFIB have increased over the years, so too have the range of services that the association can offer to its membership. For information on the growth of revenue and expenditures over the years please see appendix 8 and 9. The CFIB has maintained its core membership services of lobbying governments and keeping members informed of the issues affecting small businesses while striving to expand the range of services that it offers. The CFIB is continuously looking for new and innovative ways to serve its membership. Rather than accepting the status quo, the CFIB strives to expand the value that it offers its members. This is achieved by constantly striving to provide additional information and innovative services to its membership.

In the 1990’s the CFIB has expanded its services to include offering members expertise on employment law, tax audits, hiring employees, Y2K problems and banking
issues. The CFIB has also embarked on partnerships to offer its members preferred rates on
insurance and long distance telecommunication. These are efforts that offer direct, tangible
benefits to members. Consumers expectations and demand for high quality service has
increased. If the CFIB wants to remain competitive within the business interest group
community, it is important that this reality is reflected in its dealings with its membership.

Throughout the late 1970's and 1980's as the CFIB's membership base expanded and
funding increased, the association began to channel resources back into personnel. These
early efforts put the CFIB in a solid staffing position by the 1990's. The CFIB has acquired
employees with the expertise and experience necessary to be competitive in interest group
politics. Equipping the organization with a high quality in-house research team provides
CFIB officials with a wealth of knowledge from which to draw upon in their lobbying efforts.
The CFIB is also always striving to add additional personnel to its team that can enhance the
association.

The CFIB now has the skills and knowledge to present governments with briefs on
issues affecting small-medium sized business on a regular basis. In doing so, the CFIB
significantly increases its credibility among public policy officials. Credibility often translates
into enhanced access to politicians and government officials. This means that although the
CFIB will not be guaranteed a favourable outcome on all of the issues it is involved with,
their policy positions will be taken into consideration during the decision-making process.
This increases both the likelihood and potential frequency of successful policy outcomes.

The enhanced quality of the CFIB's research capacity has aided the organization in
establishing a stable and ongoing dialogue between the organization and government officials.
This dialogue will ensure a continuous exchange of information.

The CFIB has used its growing resources to open an office in the city of Ottawa in 1999. This is a significant event in the development of the CFIB as a lobbying entity because Ottawa is the heart and soul of federal political activity in Canada. Prior to the opening of this office, the CFIB had a tendency to concentrate its lobbying efforts in Toronto with regional offices throughout the country. The opening of an Ottawa office is in many respects a symbol of the organizational maturity that has occurred within the association.

The CFIB opted to move Garth Whyte, Senior Vice President of National Affairs to head the Ottawa operations. Assisting Whyte in his efforts is Andre Piche, Senior Policy Analyst. Although both of these individuals are senior CFIB staff, the CEO remains at the Toronto headquarters. When commenting on the opening of an Ottawa office, Whyte identifies the significance of Ottawa for CFIB lobbying efforts. According to Whyte:

One of the major reasons for opening an office in the capital is due to the fact so many more policy issues at the federal level now impact directly on the independent business sector, and it is imperative to spend more time monitoring and working with the politicians and government officials who are ultimately responsible for drafting and approving such policies. The new office will enable the Federation to do a better job for its 94,000 member firms.

The association began to recognize that if it wanted to be a formidable, permanent lobbying group in Canadian politics it was crucial that it established a strong presence in the political capital of Canada. Prior to this, CFIB offices had been concentrated in Canada’s centres of business activity. Although this often coincided with provincial capitals, it did not fully recognize the federal focus of political activity. CFIB officials participated in public
policy discussions at the national level but lacked a permanent CFIB location in Ottawa. It was a strong indication of the biases and assumptions behind the thinking process of CFIB officials. The CFIB was predisposed to think in terms of business activity as opposed to political activity. This would evolve as the leadership of the CFIB began to mature and develop. Indeed, the opening of an Ottawa office is a manifestation of the changes that have occurred within the CFIB.

LEADERSHIP

A pivotal point occurred in the leadership of the CFIB when John Bulloch, the founder and leader of the organization, experienced a personal loss. When Bulloch was fifty-one years of age, his otherwise vigorous and resilient father passed away at the age of seventy-one. This event had a profound impact on the psyche of John Bulloch. It caused him to reflect on his own personal life, and that of the organization that he had created and nurtured to fruition. Bulloch became more aware of his own mortality and recognized that if he did not take measures to ensure the survival of the CFIB passed his leadership, the organization that he had worked so hard to create, would unduly suffer. If Bulloch had not taken the time to reflect on the long-term leadership of the CFIB it is most likely that the CFIB would fall into the same trap as many other organizations that are unable to survive a transitions in leadership.

In order for an organization to experience a successful transfer in leadership, it is essential that the leader is in favour of a transition and fully committed to its smooth implementation. Otherwise, the organization’s chances of surviving the transition without
serious fragmentation and division are significantly decreased. Bulloch recognized this reality and decided that it was time to take the necessary measures to ensure a smooth change in leadership. It is important to acknowledge that this is not necessarily an easy undertaking for any leader, particularly the founder of an organization.

After additional thought and reflection it was decided that the CFIB would best be served by a ten year transition period in leadership. This would provide ample time for executive training and allow CFIB officials to really get to know one another. By phasing the transition over a ten year period it was believed that the least amount of disruption would occur in the CFIB's operations.⁵

Essentially, the transition occurred according to plan with a few minor adjustments along the way. Upon reflection, Bulloch considers this to be one of his most important leadership accomplishments and one of the greatest challenges that he has faced since the creation of the CFIB. For Bulloch the joy is found in watching the CFIB grow and develop. During the transition period Bulloch began to occupy his time with other endeavours such as spending additional time with his mother and at his cottage.⁶ In accordance with his entrepreneurial spirit Bulloch continued his involvement with the CFIB, the International Small Business Congress (ISBC) and began to explore new business endeavours. Bulloch created a new organization, The Virtual University for Small and Medium-Sized Enterprises, a web-based global education initiative. The purpose of the venture is to aid small-medium sized enterprises with the application of Internet technology, community development and learning.⁷

At the June 1999 annual meeting of the Canadian Federation of Independent Business
in Toronto, Bulloch formally stepped down as chairman and was appointed a honorary governor by the board. Bulloch will still continue to serve the CFIB in an advisory capacity. At this time, Catherine Swift, the CFIB’s chief executive officer and president assumed the position of chairperson of the board. Swift had been a CFIB staff member for the past twelve years, starting in the Research Department and later assuming the role of President and CEO. Swift’s long apprenticeship ensures that she has acquired both the skills and expertise necessary to lead the CFIB into the twenty-first century.

Also at the June annual meeting, Jim Bennett, the CFIB’s executive vice president, was elected to the board of governors. Bennett’s election to the board filled the vacant seat that was created by Bulloch’s resignation. These measures were part of the succession plan in order to ensure continued stability within the organization’s senior management and operations. The selection of Bennett and Swift to fill these positions is in accordance with the realities of the CFIB leadership. John Bulloch identifies Brian Grey, Jim Bennett and Catherine Swift as the three key figures in the leadership of the CFIB. Upon discussion, Bulloch characterizes these three personalities as outstanding individuals and natural activists. These are qualities that will serve the CFIB well in future initiatives and challenges.

In order to gain a better appreciation for the institutional development that has occurred within the organization over the first three decades of its existence, it is necessary to compare the leadership styles of John Bulloch and Catherine Swift. Bulloch’s leadership style has been explored in great detail in previous chapters. Like Bulloch, Swift is very passionate in her beliefs about small-medium sized enterprise in Canada and the shortcomings
of governments in dealing with issues affecting small businesses. Although both are very vocal and outspoken in their approach, there are slight differences in their styles.

By Bulloch’s own admission, Swift is more politically sophisticated in her approach to lobbying. Her diplomatic, yet firm personality make her an ideal spokesperson for an interest group that has achieved a relative level of institutionalization. Such characteristics will enable Swift to put considerable pressure on government officials from within the government’s public policy forum. In effect, Swift has the political sophistication necessary to use the current policy process to the advantage of the CFIB’s interests.

Swift’s background is more academic than entrepreneurial. Her formal training in economics makes her an ideal candidate to take the CFIB’s lobbying efforts to the next level. When Swift started at the CFIB she put an emphasis on doing rigorous, dependable research with economists and other academics. Swift was aware, early on, that government’s resources are limited and that they are willing to use any information given to them provided that it is viewed as coming from a reliable source. Therefore, increasing the caliber of research conducted by the organization can only aid the CFIB in its efforts.

Catherine Swift possesses the knowledge, experience, sophistication and persistence to lead the CFIB into the twenty-first century. Bulloch’s determination, hard work and ability to draw attention to the CFIB has increased the level of awareness of the issues affecting small-medium sized businesses in Canada. His outlandish and unconventional lobbying techniques have allowed the CFIB to gain both influence and access to government officials. Were it not for Bulloch’s relentless efforts, the CFIB would not be in the position it is now to influence public policy. Swift’s leadership will ensure that the CFIB maintains its
credibility and access to policy makers. An increasing number of CFIB victories will be experienced behind the scenes. This is in accordance with Swift's leadership style and approach to lobbying. The CFIB is now in a solid position to influence policies affecting small businesses at the earliest stages of development. From the perspective of CFIB members, this is a positive development because the likelihood of government policies being developed that are more friendly to small business interests is increased significantly when interaction occurs at the early stages of development.

LOBBYING STRATEGY

The lobbying strategy and skills of the CFIB obtained during the 1970's and 1980's continue to develop into the 1990's. As the resources of the CFIB have expanded so too has the emphasis placed on solid research. With the support of a high quality research team, the CFIB has made research an essential part of its lobbying efforts. The CFIB began to present governments with detailed briefs on issues affecting small business on a more regular basis. This has allowed the CFIB to take on a more proactive role in its lobbying as opposed to limiting its efforts to reactive measures. The CFIB is now in a greater position to offer both suggestions and solutions to public policy issues instead of merely complaining about the inadequacies of government initiatives. Although the CFIB has been gradually working towards developing these lobbying capabilities in the 1970's and 1980's, by the 1990's the organization has acquired all of the necessary components for the implementation of a successful lobbying strategy.

Education has always been valued by the CFIB, but the organization is now in a
stronger position from which to get its message out. By educating people on the issues affecting small-medium sized firms and the benefits that small businesses bring to the Canadian economy, the CFIB aspires to change attitudes and misconceptions. Education is a fundamental component of small business renewal in the Canadian economy and the CFIB is attempting to contribute to the process.

The lobbying efforts of the CFIB have been aided by advancements in technology. The CFIB, like many interest groups, benefits from the use of faxes, e-mail and the Internet. The ease with which people can communicate with one another and the ever growing modes of communication put the CFIB in a stronger position to exchange information. During the 1990's information is one of the most valuable commodities. The CFIB is taking measures to put itself in a position to be a leader in knowledge and information on issues related to small-medium sized enterprise in Canada.

The credibility that the CFIB has achieved with public officials and politicians has allowed the CFIB to conduct a greater portion of its lobbying efforts behind the scenes before issues are debated in public. When reflecting on the past three decades of the CFIB, John Bulloch identifies an increase in credibility as one of the greatest changes to take place within the CFIB. This is a crucial development because the chances of influencing policy are increased if access can be obtained before major policy positions have been adopted by governments, as mentioned earlier. Government officials are more receptive to being influenced at this stage in policy development. As Catherine Swift notes, some of the greatest CFIB victories are ones that no one has ever heard of.¹³

The CFIB has also opted to consult with all political parties regardless of whether
they currently form governments or not. This allows CFIB representatives to develop working relationships with a larger spectrum of politicians and personalities. It also enables the CFIB to communicate their position on issues to representatives before they form governments. An example of the benefits that this can have for small business interests can be found in the extensive consultation that took place between the CFIB and the Ontario Progressive Conservatives prior to the party forming a government in 1995. Once the Harris Conservatives were elected in Ontario, many of the policies that they implemented were favourable to CFIB interests.

The CFIB continues to participate in discussions on the issues of regulation, competition, taxation and unemployment contribution rates. The issues of government debt and deficits have also remained important to the CFIB. Although governments at both the federal and provincial levels have begun to take measures to reduce government spending and eliminate deficits, the CFIB continues to be a relentless advocate of the necessity to pursue fiscally responsible policies on a continuous basis, not just when it is politically popular to do so. During the 1990's the CFIB has acted as a watch dog for the federal Liberal government and its temptation to increase spending, particularly following two consecutive budgetary surpluses in the later part of the 1990's. The CFIB is aware of the natural inclination of many governments to spend taxpayers dollars whenever the opportunity arises regardless of whether it is fiscally prudent to do so.
TECHNOLOGY

As the CFIB began to develop and assume the role of a formidable interest group, advancements in technology provided the association with additional tools to assist its lobbying efforts and serve its membership. Rather then resist the pull of technology, the CFIB decided to embrace it and use it to the groups advantage. Technology has allowed the association to perform tasks that at one time they would never have dreamed of undertaking.14 The speed and ease with which the CFIB is able to communicate with a growing number of its members is phenomenal.

The use of faxes and e-mail has enabled the CFIB to expand its communication links to both its membership and the officials that it seeks to influence. Faxes and e-mail have equipped the association with additional tools from which to lobby representatives and government officials in mass. Considerable pressure, if not minor annoyances can be placed on such individuals by mobilizing members to send faxes and e-mails expressing their policy preferences on specific issues. The speed and ease with which such mass campaigns can be undertaken is significantly greater than the mailing campaigns historically used.

Members that have access to fax machines and e-mail can be reached more readily to inform them of rapidly developing issues. Alert bulletins can be forwarded to many members through these means far more quickly than traditional postal communications. This has the impact of increasing the CFIB’s reaction time. These modes of communication provide instantaneous means for CFIB officials to connect with its membership and for members to connect with each other. This is particularly helpful in eliminating potential
feelings of isolation on the part of members that may be geographically far from CFIB offices. As of 1999, the CFIB claims to have 20,000 e-mail members and growing. Although this is an impressive data base for the CFIB to draw upon, with a total membership of 92,000 there is still considerable work to be done in order to convince other members of the benefits of Internet communications.

The CFIB has expanded its interactive relationship with both members and non-members through a CFIB web site on the Internet. Individuals with access to the Internet are provided with a wide range of information on issues affecting small-medium sized businesses in Canada. Members are encouraged to vote on Mandate questions via the web site and can also view the latest Mandate responses. This eliminates a lot of the time and paper associated with the traditional approach to the Mandate. In order to ensure that members who do not have access to the Internet or prefer more traditional modes of communication are not isolated or excluded, the CFIB continues to provide communication through the postal service. The telephone also remains an important part of the CFIB’s communications strategy.

The CFIB’s Internet site has a Members Only section that is divided into the following sub-sections: Access Info, Your Profile, Daily Mandate, Mandate Voting, Mandate Issues, Research Plus, On-line Surveys, Member Services, Find Your MP, Your Industry, Member Web Sites, Small Biz Quiz and Vision 2006. Restricting these areas to members only allows the association to capitalize on the privileges of membership and discourage other businesses from free riding. This is crucial if the CFIB wants to maintain and expand its membership base. A strong membership base means a more stable source of membership fees which in
turn translates into greater resources and greater membership services. If the CFIB wants to maintain its position as a formidable advocate of small-medium sized businesses, the association must clearly communicate the benefits and privileges of membership.

The web site is divided into a number of different areas to provide as wide a range of information as possible. The resource section is sub-divided into Membership Information, Legislative Action, Agri-Business, Media Centre, CFIB Research and Publications, Youth, CFIB Vision, Governors and Education. All of these areas are available to both members and non-members. This allows non-members to gain a sense of the issues and principles that the CFIB represents. It also provides potential members with a sense of the range of activity that the CFIB takes part in.

In order to accommodate both the federal and parliamentary character of the country, the web site offers customized information on national issues in addition to individual sections on all of the provinces and territories. This enables both members and non-members to access information that is either national in scope or detailed information on what is occurring in individual provinces. Each of these areas includes; alert bulletins, poll results, CFIB news releases, speeches, feature articles, a list of speaking engagements and suggested reading lists among other useful information. The use of the Internet has enabled the CFIB to expand the information base that it offers to both its membership and the public.

The ability of the CFIB to utilize technology to its benefit during the information era, will help to ensure the survival and vitality of the association into the twenty-first century. In an era of globalization, technology and information are valuable commodities. The movement of capital, labour and financial markets have all affected the manner in which
business is conducted. For small businesses, this is one of the greatest challenges and opportunities that they face into the year 2000. The businesses that are able to adapt and grow in response to globalization are the ones that will achieve continued success in the future. As a representative of small-medium sized businesses, the CFIB is in a unique position to aid their members in utilizing technology to its greatest potential.

In many regards Catherine Swift views technology as more valuable to small businesses than to their larger counterparts. Although technology can be beneficial to everyone that utilizes it, for small businesses it has permitted them to expand their activities and knowledge to a greater extent. Technology acts as an effective and cost-efficient aid in gathering information, conducting market research and keeping small businesses up to date on laws affecting them. Big business has always had the resources to partake in a wide range of activities, while small businesses have been limited in their undertakings. Technology effectively allows small businesses to expand their scope by making a reasonable investment in technology.

Many groups and individual see globalization and technology as part of a right-wing political agenda. Globalization is often assessed in terms of a neo-conservative political movement on an international scale. Swift does not view globalization in this light. Rather she views globalization as driven by technology that facilitates many of the changes that are occurring in how business is conducted. For Swift, technology is very neutral, neither right wing or left wing in orientation.
RELATIONSHIPS WITH OTHER ORGANIZATIONS

In the 1990's the CFIB has continued to foster working relationships with a variety of different groups and organizations. The CFIB remains committed to meeting with representatives from all of the main political parties in Canada regardless of differences in economic perspectives. This ensures that the CFIB will be able to maintain communication channels with a variety of different political parties even if agreement can not always be reached on the proper course of action. By maintaining communication links, the CFIB ensures that information can be exchanged and that an open dialogue can be established.

The CFIB also continues to foster its coalition capacity in the 1990's and proves that it can work with a wide spectrum of groups to advance its causes, should circumstances warrant it. A case in point can be found with the issue of bank mergers in Canada. During the public policy debate, the CFIB found itself allied with the Bank of Nova Scotia, The Council of Canadians and labour unions. All three of these interests are unlikely partners in normal circumstances.

In order to get the CFIB message out to as wide an audience as possible, the association has opted to partake in extensive speaking engagements. By speaking to audiences that are not necessarily natural allies with small business interests, the CFIB is looking beyond itself. In the long-term this is a necessary and desirable approach to relationships with other interests and organizations. By not isolating itself from the individuals and groups that participate in society and the public policy arena in Canada, the CFIB has taken steps to maximize its profile and name recognition.
EFFECTIVENESS AND IMPACT

During the 1990's the CFIB as a representative of the interests of small-medium sized businesses has achieved a desirable level of effectiveness and overall impact in its lobbying efforts. This is illustrated by the success they have achieved in bringing issues that matter to small-medium sized businesses to the fore front of public policy discussion in Canada. The issues of taxes, regulation, debt and deficits and fiscal prudence have all gained a position in the public agenda. The changes that have taken place in Canada's political and economic environment highlight this.

In the early 1990's the issues of debt and deficits and reducing government spending on social programs began to take centre stage in the political arena. Eliminating deficits and reducing government expenditures became more fashionable to a considerable and formidable section of the population. In 1993, Jean Cretien's Liberal Party came to power federally and, with Paul Martin as Finance Minister, began a trend towards greater fiscal responsibility on the part of the federal government. The magnitude and scope of this trend is signified by the attempt of Alexa McDonough, the leader of the federal NDP, to take the party more to the right of the political spectrum in terms of economic matters. At the NDP's National Convention in August 1999 held in the city of Ottawa, such a course of action was firmly rejected by the party faithful. The failure of the NDP to become more fiscally conservative in their economic positions, raises considerable concern over the future electoral capability of the party.

The trend towards more conservative fiscal polices has also proven to be popular at
the provincial level of government. In Alberta, Ralph Klien’s Progressive Conservative Party continues to dominate with its neo-conservative agenda. In Ontario, the Mike Harris Revolution and the Ontario Progressive Conservative Party replaced Bob Rae’s New Democratic Party government in 1995 and was subsequently re-elected with another majority government in 1999. Even NDP governments in Saskatchewan and British Columbia have become more conservative in their political rhetoric during this time.

Conventional wisdom now holds that debt and deficits are bad, and there is a movement towards eliminating them. This is a complete 180 degree turnaround in the environment from when the CFIB first began to talk of the problems associates with debts and deficits. At that time, the debt loads that governments assumed had not yet reached their present levels yet the CFIB was a strong advocate for financial prudence on the part of governments. When the CFIB was created and began to advocate fiscal responsibility, the prevailing thinking of the time was inclined towards a spending mentality. Politicians were willing and ready to spend now and worry about the repercussions later.

For the CFIB, the shift that has occurred in conventional thinking represents a validation of the association and their fiscal policy positions. The CFIB had been advocating these issues for a number of years before they became trendy. The perseverance of CFIB lobbying is beginning to pay off. Catherine Swift agrees that some vindication has occurred for the CFIB and that the role of small business in the economy and public policy has been recognized increasingly by governments. For small-medium sized business interests, this is a significant victory for their impact as a group on public policy. This is not to say that a need no longer exists for governments to become more responsive. In the eyes of Swift,
governments still pay too much lip services to small business interests and not enough action. Improvements in the relationship between small business interests and government policies is an ongoing process.

Catherine Swift explains the problem in terms of a fundamental discordance between the way politics and small business activity is conducted. There is a tendency for politicians to be attracted to large, splashy events that provide the opportunity for good media coverage as opposed to small scale, desegregated initiatives that accumulatively have a huge impact on the economy. When confronted with a choice between initiatives that result in one employer creating 2000 jobs or 3000 small firms creating two jobs each, politicians have a tendency to lean towards the larger firm. However, as politicians become more aware of the changing nature of the Canadian economy and the overall impact that the small business sector has on the job market, the CFIB is hopeful that decision makers will alter their policies to better reflect economic realities.

There will always be the problem of reconciling the fundamental differences between politics and small business. Despite the inherent difficulties, Swift views the role of small business in public policy as indisputable. She adds that politicians are increasingly aware of small business issues and that unfortunately it still has not translated into the kind of true changes in the system that the CFIB would like to see regarding taxes and government regulation. In effect, the CFIB has proven to be an effective advocate on behalf of small-medium sized business interests, but still has considerable work to do before governments implement changes to the extent necessary.
VISION 2006

In order to secure its position as a viable and formidable representative of the interests of small-medium sized businesses into the twenty-first century, the CFIB underwent an extensive process of re-examining both its vision and activities during the early 1990's. This was a particularly important undertaking for Catherine Swift because it would set the course and tone for her leadership of the CFIB. The process involved re-assessing what the organization stands for and the direction it wanted to take in the future. In doing so, the CFIB identified both its strengths and weaknesses. From this the CFIB would be able to determine what areas it needed to improve in while setting the overall direction the association needed to take to ensure that it would continue to best serve its membership. In order to achieve these objectives the CFIB utilized focus groups, surveys, general meetings and sought feedback from all components of the organization. The results of this process are compiled in the CFIB December 1996 publication entitled Vision 2006.

During the process of re-examining its organization, the CFIB recognized that to a large extent the future involves unknown territory that will require prudence and astuteness on the part of CFIB representatives. Despite the inherent uncertainty of the future, the CFIB was able to identify a number of trends that would shape its future direction. These trends include; an increase in demand for value and customized benefits, a change in the structure of government, the emergence of a global economy, advances in communication technologies and a change in the internal group dynamics of participation. By addressing these trends in its action plan, the CFIB incorporates the realities of the current environment
into the association’s future vision.

The CFIB identified four of its core skills that need to be protected and used to the benefit of its membership. These components are members-based democracy, a high tough field structure, the use and leveraging of a database and research, and multi-faceted lobbying.\textsuperscript{23} By preserving and refining these components and skills, the CFIB will equip itself with the necessary tools to ensure its viability as an association in upcoming years. The cultivation of these areas, was designed to result in the maximization of benefits to its membership through services and lobbying in addition to maintaining the association’s credibility with decision makers.

The vision process established six current issues that the CFIB needed to address in order to be successful during the next twenty-five years. The first issue involved the fragility of membership loyalty. The CFIB determined that it was necessary to take measures in the future to ensure that its membership feels more connected and involved with the organization.\textsuperscript{24} The issue of member loyalty is closely connected to the issue of membership services. Although the CFIB was a leader in the area of group participation, during the discovery process, the CFIB determined that it needed to seek out new and innovative ways of serving its membership. This would require the CFIB to be prepared for uncertainty, to abandon some of its assumptions, and to be bold in its actions.\textsuperscript{25} These guiding principles would allow the CFIB to provide additional value and service to its membership in the future.

The second major issue identified by the CFIB was an increased emphasis on local issues and the need to customize CFIB action to address such concerns.\textsuperscript{26} This is consistent with the trend in Canadian government towards decentralization and down loading policy
matters to the provincial governments and municipalities. In order to be successful in the future, the CFIB must be more sensitive to local issues within its federal structure. The current structure is inadequate for specialization of local activities so the CFIB needs to find new and creative ways to explore local issues without putting unrealistic demands on existing staff. Vision 2006 identifies the need to produce reports on local issues in a more effective time frame.

The third issue confronted by the CFIB is the inherent tension between retaining the status quo and going with the turbulence associated with change. The CFIB’s ability to identify this issue as a priority and demonstrate a willingness to confront it, is testimonial to the progressive nature of the association. The Vision 2006 document states that, “Staff must give up some assumptions, learn new ways, become open to new possibilities and risk the unknown through experimentation.” This is often a difficult task for associations that by nature have a tendency to become set in their ways of doing business. In order to overcome this obstacle, the CFIB decided to place an emphasis on building a strong team support system within the association through better communication and the empowerment of all CFIB staff.

The fourth challenge identified by the vision process is the difficulty of locating members in growing sectors. The historical methods that the CFIB has used to assess new members, though successful in the past, is insufficient to meet challenges in the future. In order to address this issue in the future, the CFIB has identified a need to utilize new technology to aid the association in its efforts. The emergence of new markets, such as the home-based market, will require the CFIB to devise new and innovative methods to meet the
challenge of expanding its membership base.

The fifth item identified for immediate action, was the problem of low CFIB name recognition in some areas.\textsuperscript{32} This is a particularly important obstacle for the CFIB to overcome as a national interest group. Because the CFIB advocates the interests of small-medium sized businesses throughout the country, it is necessary for the association to focus on areas where awareness of the CFIB is lower. By doing this, the CFIB will be able to ensure that it truly is a national representative as opposed to a regional interest group.

The final issue identified to be addressed by the CFIB in the future, is the need to build the skills of the associations staff and a strong performance culture within the organization.\textsuperscript{33} This objective is in accordance with the value placed on research within the CFIB. By ensuring that both a high level of skills and performance is engrained into CFIB staff, the association will be better equipped to meet future challenges. If the association is not constantly reflecting on their skills and actions in a honest manner and seeking to improve them, its performance will likely suffer. The CFIB has identified the value and necessity of creating a high standard performance culture within the association.

INSTITUTIONALIZATION

The degree of institutionalization that the CFIB has achieved in the 1990's is manifested in the amount of lobbying that is now conducted at the early stages of policy formulation. There is a strong parallel between the changes that have occurred in the CFIB's lobbying strategy and the degree of institutionalization that has occurred within the association. A clear shift has occurred from essentially fighting all battles in the media and
the realm of public opinion, to an emphasis on behind the scenes activities. This is not to say that the media are no longer an intricate part of the CFIB lobbying strategy, but rather that they constitute one of many components.

In accordance with institutionalized interest groups, the CFIB is more inclined to work with the bureaucracy at the early levels of public policy formulation to crush problematic initiatives at their early stages of development whenever possible. This is more beneficial to the CFIB because it increases the effectiveness of the group as a lobbying entity. At this point in policy development it is often easier to influence governments in their decisions because fewer individuals are involved. Also, the process has not yet taken on a heightened political nature.

When assessing the increase that has occurred in the resources available to the CFIB it also becomes clear that a high degree of institutionalization has occurred. Institutionalized groups are more likely to possess the high degree of resources in terms of membership base, funding and personnel that the CFIB has acquired. The formidable and ever expanding membership base of the CFIB brings with it both legitimacy and a larger source from which to maintain funding. The increasing funding base of the CFIB has allowed the association to develop and maintain a solid in house research capacity and to increase the quality of its staff. All of these measures have a positive impact on the CFIB as an advocate of business interests.

In accordance with the developments that have occurred within the CFIB, the leadership of the group has also evolved. As its founder, John Bulloch put the CFIB in a position where it became a force to be reckoned with. As its current leader, Catherine Swift will ensure that the CFIB maintain and capitalizes on the access, credibility and legitimacy that
it has gained over the years. The smooth transition in leadership that has occurred from the CFIB’s founder to its present leader is testimonial to the development that has occurred within the association. The successful transition in leadership is an indication that the CFIB as an entity has taken on a life and existence all of its own, which is part of the institutionalization process.

In assessing the lobbying strategy, access, resources and leadership of the CFIB it is clear that the association has reached a considerable degree of institutionalization as an interest group. In doing so, the CFIB has been successful at not extending its institutionalization to the point where the line between the association’s interests and those of governments become blurred. This in itself is a commendable accomplishment. In effect, the CFIB has been able to maintain a balance between the benefits of becoming institutionalized and the necessity to remain cutting edge as an interest group. By preserving this balance, the CFIB ensures that it will maximize its impact as a lobbying group, while remaining true to its core values and principles.

If the CFIB maintains this balance, the association will continue to grow and thrive as a formidable representative of small-medium sized business interests. If the association falls into the traditional traps of many interest groups that achieve access and credibility it will become captured as an interest group. Should the CFIB becomes captured as an interest group, it follows that the association will enter into a stage of decline in its development as an advocate of the interests of small-medium sized business interests.

This completes the historical analysis of the Canadian Federation of Independent
Business as a representative of small-medium sized interests in Canada. The development of the CFIB has been assessed in terms of its creation and evolution over the periods of the 1970’s, 1980’s and 1990’s. The environment leading up to the formation of the CFIB has also been explored in addition to the prospects for the association in the twenty-first century. Principles and objectives, membership and staff, financial resources, leadership, coalition capacity and the impact of CFIB lobbying are all areas that have been explored to determine the degree of development that has occurred within the CFIB. In the conclusion Paul Pross’s concept of institutionalization will be revisited in order to determine how well it applies to the CFIB as an interest group.

NOTES


2. This quote is from an interview with Catherine Swift held on March 31, 1999 in Toronto.


4. This information is based on a phone interview with John Bulloch conducted on April 14, 1999.

5. Ibid.

6. Ibid.

7. For information on John Bulloch and the Virtual University program see: Virtual University, Biographies: John F. Bulloch (http://www.vusme.org/info/bios/bulloch.htm, 99/05/17), 1-2.

9. Ibid., 1.


15. Interview Catherine Swift, March 31, 1999.


CHAPTER VI

CONCLUSION

Over the first three decades of its existence the Canadian Federation of Independent Business has proven to be a resilient advocate of small-medium sized business interests in Canada. Changes in Canada's political, economic and social environment contributed to the explosion of interest groups that began to occur in the 1960s. The CFIB emerged during a time in Canadian politics when a clear void existed in small-medium sized intersectoral business representation in the public policy arena. Prior to this the vast majority of influence exerted in the business community on public policy reflected the interests of big business. In its attempt to level the playing field for business interests, the CFIB experienced tremendous success.

It has demonstrated such success through its persistence and perseverance in advancing its principles and objectives on behalf of its membership. It has also expanded its realm of representation and scope to incorporate the advantages and benefits that many of its positions have on Canadian society in general, not just the small business community. The CFIB has opted to place a strong emphasis on educating the public in its efforts. Throughout its development the CFIB has remained true to its core philosophy and value system. Since its formal creation in 1971 the CFIB has advanced and matured as a business interest group. Developments in the association’s organization, resources, tactics and access have allowed it to become a regular participant in public policy formation.

In its advocacy role the CFIB has been able to make its own unique contribution to
the manner in which interest group politics is conducted. The CFIB has demonstrated that a group does not necessarily have to give up its charisma and assertiveness to become a respected and formidable part of the Canadian public policy process. Throughout its battles the CFIB has not compromised its positions to appease government officials. The association’s representatives have been able to work with different governments on policy issues at the earliest stages of inception in order to make positive and constructive contributions to the policy process. At the same time, the association has not abandoned the protest spirit that led to its initial success in its early days. The balance between these two elements is a delicate one that many interest groups are not able to achieve. However, the CFIB has been able to use this complex relationship to the advantage of its cause.

There is the possibility, as with all groups that achieve this balance between protest and quiet diplomacy of losing their edge. The more institutionalized that a group becomes, the greater the possibility for some goal displacement to occur by the individuals that run the organization. In which case the organization begins to serve the self-interest of its officials and not those of its membership. Although this remains a constant possibility, it does not appear to be the case with CFIB officials. I would argue that given the high caliber of officials within the CFIB organization, the organization needs the officials more than the officials need it. The Board of Govenors serve as a check and balance to the activities of CFIB officials and the membership reserves its right not to renew memberships if it feels that the association is growing out of touch. Given that goal displacement is a possibility, it is important that the CFIB is aware of its situation and takes proper steps to prevent such an occurrence in the future.
In assessing the development of the CFIB it is necessary to return to Paul Pross’s concept of institutionalization. In chapter one Pross’s typology of institutionalization was defined as, “...a process through which an organization— a technical instrument designed as a means to define goals— acquires a system of values and becomes an institution— a responsive, adaptable organism that is peculiarly competent to do a particular kind of work.”¹ Upon completion of this historical case analysis of the CFIB it becomes clear that the association has undergone this process in accordance with Pross’s continuum. Over the last three decades the CFIB has cultivated a unique group culture and value system that differentiates it from other interest groups. It has undergone a rigorous process of self discovery and examination that places it in a strong position to undertake the challenges of the twenty-first century.

The degree of institutionalization that the CFIB possesses has fluctuated throughout its development as it has learned to deal with internal group dynamics, the public, external organizations and the government. As stated in chapter one, institutionalized groups are:

- groups that possess organizational continuity and cohesion,
- commensurate human and financial resources, extensive knowledge of those sectors of government that affect them and their clients, a stable membership, concrete and immediate operational objectives associated with general philosophies that are broad enough to permit each group to bargain with government over the application of specific legislation of the achievement of particular concessions, and a willingness to put organizational imperative ahead of any particular policy concerns.²

Based on an analysis of the activities of the CFIB during the 1970s and 1980s it is clear that by the 1990s the association was able to achieve all of these things. Such achievements do
not occur overnight and require continuous work if they are going to be maintained.

Based on Pross’s Continuum Framework (see appendix 2) the CFIB has achieved a relative level of institutionalization. When assessing the objectives, organizational features, media-orientation and access-orientation of the CFIB the following conclusions can be drawn.
1. The CFIB’s objectives are, “...multiple, broadly defined, collective and selective.”
2. The CFIB has, “extensive human and financial resources.”
3. The CFIB has, “public relations; image-building ads and press releases.”
4. The CFIB has, “regular contact representation on advisory boards and staff exchange.”

According to this framework the CFIB can be considered to have achieved institutionalization in its development.

Although the CFIB has achieved institutionalization in accordance with Pross’s continuum it does not necessarily mean that the CFIB has achieved its full potential in terms of effectiveness and influence. Having achieved all of the components to institutionalization it is a very strong possibility and in most cases a natural progression. However, this thesis does not set out specifically to measure effectiveness and influence so a definitive conclusion is not possible. Given the evidence, it is a strong possibility that the CFIB has achieved effectiveness and influence.

Although Pross’s continuum of institutionalization does create a useful framework for studying interest groups, it does have some limitations. It makes a number of assumptions about influence and effectiveness based on its components. Therefore, the continuum is extremely useful as a foundation for analysis but future study is necessary. This research paper also has a number of limitations in terms of scope and methodology. Given the existing
void in the literature and time constraints a more complete analysis was not possible. However, this does represent an important narrative step towards further study and raises questions regarding the relationship between institutionalization, access and influence.

When the CFIB first emerged in the public policy debate through the voice of the outspoken and unconventional John Bulloch, the association brought with it the energy and passion of its leader. Through the efforts of Bulloch the association was able to grow and cultivate a unique presence and existence all of its own. The outlandish lobbying tactics of Bulloch proved to be effective in gaining the recognition that the CFIB needed to draw to itself and its cause. The association was able to take this recognition and turn it into additional resources and access supplemented with a strong support staff and solid research.

The CFIB's current leader, Catherine Swift, possesses both the determination and political sophistication to use the Canadian public policy process to the advantage of the association's membership and cause. Swift is in a unique position to take the core values of the CFIB and the strengths of Bulloch and build upon them. Through creativity and responsiveness the CFIB will be able to find new and innovative ways to serve its membership and lobby governments. If the CFIB is able to sustain its current position it will avoid the fatalistic disintegration into the realm of compliance and irrelevance that is the fate of many interest groups that are unable to develop or adapt. This is crucial, otherwise the CFIB will be added to the list of captured interest group.
NOTES


APPENDIX 1

ELEMENTS OF INSTITUTIONALIZATION

ACCESS
PERCEPTIONS
CREDIBILITY
LEGITIMACY

EFFECTIVENESS

LOBBING STRATEGY

INSTITUTIONALIZATION

LEADERSHIP
STRUCTURAL ORGANIZATION
RESOURCES:
KNOWLEDGE
STAFF
MEMBERSHIP
FINANCES
APPENDIX 2

PAUL PROSS'S CONTINUUM FRAMEWORK

<table>
<thead>
<tr>
<th></th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>single, narrowly defined</td>
</tr>
<tr>
<td></td>
<td>multiple but closely related</td>
</tr>
<tr>
<td></td>
<td>multiple, broadly defined &amp; collective</td>
</tr>
<tr>
<td></td>
<td>multiple, broadly defined, collective &amp; selective</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Institutionalized</th>
<th>Mature</th>
<th>Fledgling</th>
<th>Issue-oriented</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Organizational Features</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>small membership/no paid staff</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

158
APPENDIX 2 continued

PAUL PROSS'S CONTINUUM FRAMEWORK

<table>
<thead>
<tr>
<th>Levels of Communication with Government</th>
<th>Media-Oriented</th>
<th>Access-Oriented</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institution-ized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mature</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fledgling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue-oriented</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|                                   | publicity- | presentation | public | confrontation | regular | regular |
|                                   | focussed  | of briefs to | relations; | with politicians; | contact | contact |
|                                   | protests  | public bodies| image-building| officials | officials | representation |
|                                   |           |             | ads, press releases| | | on advisory boards, staff exchange |

APPENDIX 3

QUESTIONS: INTERVIEW WITH JOHN BULLOCH
Conducted April 14, 1999

1. What factors contributed to your decision to form the CFIB after the Canadian Council on Fair Taxation was disbanded?

2. How would you describe the environment at the time of the formation of the CFIB? (economic, social, political) What were some of the greatest challenges facing small-medium sized businesses at the time?

3. Could you talk a bit about a few of what you consider to be your greatest lobbying successes (or disappointments) during your time as head of the CFIB, and what contributed to them?

4. Have there been changes in the lobbying techniques utilized by the CFIB during its development as an association? What does this say about the association?

5. Many organizations are unable to survive a change in leadership. What did you do to ensure a smooth transition in leadership from yourself to Catherine Swift?

6. How would you characterize your current involvement in the CFIB?

7. What do you perceive to be the greatest challenge facing small-medium sized business in upcoming years?

This is the formal list of questions presented to John Bulloch during the interview. However, additional discussion followed these questions and some of the information obtained is incorporated throughout the text. Mr. Bulloch was extremely helpful in providing me with information during our discussion.
APPENDIX 4

QUESTIONS: INTERVIEW WITH CATHERINE SWIFT
Conducted on March 31, 1999

1. Many changes have occurred in Canada’s political, social, cultural and economic environment from the time the Canadian Federation of Independent Business (CFIB) was born to the present day. What have been some of the more important ones from the standpoint of small business and how?

2. What does the CFIB perceive to be the greatest challenge facing small-medium size businesses in the upcoming years?

3. Have there been changes in the lobbying tactics utilized by the CFIB during its development as an association? What does this say about the association?

4. How does Canada’s federal structure affect the activities of the CFIB? Does the existence of municipalities, provincial governments, and a federal government hamper or enhance the lobbying activities of the CFIB?

5. The internal operations of the CFIB are conducted in a more democratic manner than many other interest groups. How does the CFIB ensure that this is the case?

6. Has the Internet had a significant impact on the CFIB’s ability to communicate with its membership? Has it altered the way in which the CFIB approaches its role as an advocate of small-medium sized business?

7. How would you describe the relationship between the CFIB and other business associations? For example, the Canadian Chamber of Commerce, the Canadian Manufacturers’ Association, the Business Council on National Issues, or trade associations?

8. Could you please discuss a few recent public policy issues where the CFIB has lobbied government (either at the federal, provincial or municipal levels). How did the association attempt to influence the government? How successful were these measures?

9. How does the CFIB view the different political parties in the Canadian political system (both at the provincial and federal levels)? Is there a political party that is more sympathetic to the concerns of small business?
10. In the last two provincial elections Ontario witnessed a major shift in government from Bob Rae’s New Democratic Party to Mike Harris’ Progressive Conservative Party. What differences existed between the two governments in terms of taxes, regulation, and access for small-medium sized business?

This is a formal list of questions presented to Catherine Swift during the interview. However, additional discussion followed these question and some of that information is incorporated throughout the body of the text. Ms Swift was extremely forthcoming and helpful during the interview and this proved to be highly beneficial for my analysis.
APPENDIX 5

ORGANIZATIONAL STRUCTURE

NATIONAL

Catherine Swift- President, CEO and Chairwomen
Garth Whyte-Vice President National Affairs
Brien Gray- Senior Vice President, Policy and Provincial Affairs
Ted Mallett- Director of Research

PROVINCES AND TERRITORIES

BRITISH COLUMBIA AND THE YUKON

Suromitra Sanatani- Vice President
British Columbia and The Yukon

ALBERTA AND THE NORTHWEST TERRITORIES

Brad Wright- Director, Provincial Affairs Alberta
and The Northwest Territories

SASKATCHEWAN

Marilyn Braun- Director, Provincial Affairs for Saskatchewan

MANITOBA

Dan Kelly- Vice President Prairie Region

ONTARIO

Judith Andrew- Vice President Ontario

QUEBEC

Pierre Cleroux- Vice President Quebec

NEW BRUNSWICK AND PRINCE EDWARD ISLAND

Stephane Robichaud- Director, Provincial Affairs for
New Brunswick and Prince Edward Island

NOVA SCOTIA AND NEWFOUNDLAND

Peter O’Brien- Vice President Atlantic Canada
APPENDIX 6

CANADIAN FEDERATION OF INDEPENDENT BUSINESS BOARD OF GOVERNORS

Catherine Swift, President and CFO
Canadian Federation of Independent Business

Jim Bennett, Executive Vice-President
Canadian Federation of Independent Business

John F. Bulloch, Founder and Honorary Governor
Canadian Federation of Independent Business

Andre Bolduc
Automotive Parts
Import Expert Inc., Ste-Foy, Quebec

Jean Brault
Distributor
Brault & Bouthillier, Montreal, Quebec

Allan Buch
Manufacturer
EEC Industries Limited, North Vancouver, British Columbia

Lance Carnine
Farmer, Feedlot Operator
Sirocco Feedlot Limited, Lethbridge, Alberta

Roland Degelman
Agricultural Equipment Manufacturer
Degelman Industries Ltd., Regina, Saskatchewan

Jonathan S. Denman
Trade Exhibition
Denex Group Inc., Dartmouth, Nova Scotia

Cliff Friesen
Airline Operator
Bearskin Airlines, Thunder Bay, Ontario

Ted Kawaja
Green Lantern Wholesalers Ltd.
Corner Brook, Newfoundland

Marc LeBlanc
Chartered Accountant
LeBlanc, Nadeau, Bujold et al., Moncton, New Brunswick

Lorrie Stark
Computer Systems
Control Microsystems Inc., Kanata, Ontario

Donald W. Whitmore
Contractor
Vector Enterprises Ltd., Winnipeg, Manitoba

Source: The Canadian Federation of Independent business. CFIB Board of Governors
(http://www.cfib.ca/govern_e.asp, 11/24/99)
mandate

THE MANDATE

Ottawa told: shape up!

Canada's small and medium-sized businesses need help. That was the thrust of a pre-budget submission presented to the Finance Minister Allan MacEachen by Federation President John Burch and other senior CFIB officers at the Senate of the organization's 2,000 members.

"The country needs a budget that meets business expectations and contains a clear signal for the future," said CFIB president in his submission.

In addition to Burch, others carrying the message for the CFIB in Ottawa were: Patricia C. Johnson, Vice-President, Legislative Affairs, Jim Bennett, Director of National Affairs, and Pierre-Richard Clement, Governmental Affairs Officer for Quebec.

Among the specific issues the Federation hammered at the meeting are the current system of the budget:

* The need for an across-the-board corporate tax cut of one percentage point immediately and a similar reduction in 1984. The Federation indicated such a policy would help offset the effects of high interest rates, allowing businesses, particularly small and medium-sized companies, to modernize, expand productivity and create healthy profits.

* The necessity to implement a long-delayed increase in small business deduction levels to offset the effects of inflation.

The Federation advocated annual deduction limits should be increased to $200,000 from $150,000, and to $1 million from $750,000 on interest earnings.

* A tightening of unemployment insurance regulations, reducing the chances of benefits to weeks of work ratio.

At the present time, the interest rates can cost as much as four weeks of work.

Postal hikes draw fire

The Federation has released its report, "The Post Office: A National Disgrace," which calls for a broad-based study of the postal system. The report, submitted to the House of Commons Committee on Public Accounts, is based on a wide range of evidence and recommendations from a variety of sources, including the Canadian Post-Tel association.

The report recommends that the postal system be restructured to ensure efficiency and responsiveness. It calls for a review of all government services provided by the postal system, as well as a closer look at the financial aspects of the service.

The report also calls for a more open and accountable system, with greater participation from users and other stakeholders. It recommends the establishment of a new, independent postal regulator to oversee the business and ensure fair treatment for all users.

The Federation has called on the government to take action on the recommendations outlined in the report, and to work with other stakeholders to develop a comprehensive plan for the future of the postal system in Canada.
APPENDIX 7 continued

THE MANDATE

Are you for or against experience rated U.I. premiums?

Experience rating is the practice of assigning employees' U.I. premiums based on their past experience. Employees and employers in industries which make extensive use of U.I. would be required to pay higher premiums. Such a plan is used in the United States.

1 Arguments for experience rated U.I. premiums: This change would make unemployment insurance more equitable by linking someone to those who earn the cost of the program. Employees and employers in industries which have a tradition of high employee turnover might have to pay much higher premiums. Employers would be less likely to stay in business without enough skilled workers.

Arguments against experience rated U.I. premiums: Such a system would increase the administrative costs of the U.I. program and make it more complex for employees and employers. The risk of unemployment would be increased for workers who have worked for small employers who have not contributed much to the U.I. fund.

Are you for or against taxing strike pay?

All present union dues are deductible for personal taxable income; but union funded strike pay is not included in taxable income.

2 Arguments for taxing strike pay: It is unreasonable to give a tax break to workers who are not working. The strike pay is a form of income and should be taxed.

Arguments against taxing strike pay: The loss of national revenue from excluding strike pay is very small. Strike pay is a form of income and should be taxed.

Are you for or against separate rates for local and long distance 1st class mail service?

The Canada Post Corporation is considering a substantial increase in postal rates in an attempt to make the system self-supporting. Highvolume, lowcost urban routes provide lucrative markets to offset the costs of rural and remote delivery. One way to minimize the across-the-board increase would be to allow the Post Office to charge different rates for local and long distance mail.

3 Arguments for separate rates for local and long distance 1st class mail service: The Post Office should be allowed to charge different rates for local and long distance mail. This would help to offset the costs of delivery in rural and remote areas.

Arguments against separate rates for local and long distance 1st class mail service: The Post Office should not be allowed to charge different rates for local and long distance mail. This would create inequality and make it harder for rural and remote areas to receive mail.

Are you for or against government control of newspaper ownership?

The Kent Commission recently released a report on the ownership of media in Canada, indicating that 77 per cent of daily newspaper circulation is controlled by chains. The commission recommended that the government should have the right to buy and sell their properties, including newspapers. Freedom of the press is endangered if the government becomes involved in the media. The Canadian government should not own newspapers but should control the media. The government should encourage diversity of ownership and prevent the concentration of media ownership in Canada.

4 Arguments for government control of newspaper ownership: The government should have the right to buy and sell newspaper properties. This would help to protect the free press and prevent the concentration of media ownership.

Arguments against government control of newspaper ownership: The government should not own newspapers. This would create inequality and make it harder for other businesses to compete. The government should encourage diversity of ownership and prevent the concentration of media ownership in Canada.

Page 2

166
APPENDIX 7 continued

THE MANDATE

OUR MEMBERS SPEAK UP

Unreasonable interest rates have reached crisis levels, with many members reporting difficulties in obtaining credit due to the high costs of borrowing. This is particularly true for small businesses, which rely on credit to pay for parts and materials.

M.G. Maclean, Ontario Black & Tile Limited
Sudbury, Ontario

As a restaurant owner, I find it very difficult to get qualified help. Most of the time, the necessary knowledge is not readily available, and high wages make skilled workers difficult to attract. Fortunately, I have a smiling waiter.

Barbara Lamina
Restaurant Consultant
Gazed & O.G.

High interest rates, inflation, high taxes, and government regulations have turned small business operations into a nightmare. If the postal service is to be marketed as a privately owned monopoly, then services must be kept affordable. However, if the government is to be regulated, then the monopsony must be opened, and the market must be allowed to dictate prices.

Mr. J.G. Dinnan
Cathy's Office Equipment
& Electronics Ltd.
Calgary, Alberta

Because of super-spanning tax levels, large corporations are becoming more and more self-sufficient and are less likely to subcontract work to smaller companies. There should be specific guidelines directing the flow of capital, which is unusual for this type of loan.

Tom Zolnoky
Aerospace Flying Service
Bayview W. T.

SB20 should be expanded to include additional working capital required to successfully operate the expansion financed under SB20.

C. Tamai
CT Windfarms Limited
Peterborough, Ontario

Re: Small Businesses Loan Act, it is almost next to impossible to obtain this type of loan from our local chartered banks. Besides it being the Companies Act, it has been ignored.

D.E. Baggett
Choose Car Clinic Limited
Truro, Nova Scotia
APPENDIX 7 continued

THE MANDATE

Ottawa told: shape up!

Canada's 4 main page 1

benefits for every week worked, compared to West Germany where the unemployed can collect no more than 80% of average weekly earnings for two weeks. The top benefit rate in Canada is $180 per week.

Postal hikes draw fire

Canada's main page 1

Postal hikes are not the only concern about the new postal rate increases. Officials estimate that the annual cost to consumers will be $200 million, and that the average increase will be $1.50 per month. The Canadian Federation of Independent Business (CFIB) has expressed concerns about the rate increases, and has called for a review of the postal system.

DID YOU KNOW?

- That the total amount of money spent on advertising and other investments since Dec. 1, 1979, is $1.5 billion.
- That the federal government is spending $1 billion to reduce Ottawa's $1.5 billion deficit, and that this is the largest amount ever spent on public service advertising.
- That the postal workers have not had a pay raise in 15 years.

Objectives

To promote and protect a system of free competitive enterprise in Canada.

The Mandate

A regular public presentation of current national issues by the Canadian Federation of Independent Business. The Federation operates under federal charter as a non-profit organization. Voting membership dues are tax-deductible as business expenses.

OFFICES

HEAD OFFICE

6141 Yonge Street

Rancho Venture C4C 2B4

Tel: 222-4023

TAIL OFFICES

2501 - 6085

Boulevard St. Suite 810

Montreal, PQ H2W 3B2

QUEBEC - 150 Grande-Allée

Ed. Suite 500 P.O. Box 152

EDMONTON - T3C 1V5

Toronto, Ont. 4001

VICTORIA - 400 Government Street, B.C. V8W 1C4

BIBLIOGRAPHY


Angus Reid Group. The Public’s Esteem for Selected Professions (http://www.angusreid.com/pressrel/pr101198.html, 8/7/99)


Atkinson, Michael M. and Coleman, William D. “Bureaucrats and Politicians in Canada: An Examination of the Political Administration Model,” in Comparative Political Studies (April 1985: Vol.18, No. 1)


Bagby, John W., Wartick, Steven L. And Stevens, John M. “Co-operative Approaches to Business-Government Relations,” in Business Strategy and Public Policy, edited by Alfred A. Marcus, Allen M. Kaufman and David R. Beam


Bartha, Peter F. “Organizational competence in business-government relations: A managerial perspective,” in Canadian Public Administration (Summer 1985: Vol 28, No 2)

Berry, Jeffery M. Interest Group Society (Boston: Little Brown and Company Limited, 1984)

Bliss, Michael. A Living Profit (Toronto: McClelland and Stewart Limited, 1974)


Brander, James A. Government Policy Toward Business 2nd ed. (Toronto: Butterworths Canada Ltd., 1992)


Canadian Federation of Independent Business. *CFIB Spokesperson*
Canadian Federation of Independent Business. **CFIB Vision** (http://www.cfib.ca/info/vision_e.asp, 18/12/98) pg 1.

Canadian Federation of Independent Business. **Financial Statements for the year ended June 30, 1982 with comparative figures from 1981**

Canadian Federation of Independent Business. **Financial Statements for the year ended June 30, 1986 with comparative figures for 1985**

Canadian Federation of Independent Business. **Financial Statements of the Canadian Federation of Independent Business for the period ending December 31, 1990 with comparative figures from 1989.**

Canadian Federation of Independent Business. **Financial Statements of the Canadian Federation of Independent Business for the period ending December 31, 1994 with comparative figures from 1993**

Canadian Federation of Independent Business. **Canadian Federation of Independent Business financial statements with comparative figures from 1997**


Cawson, Allan. **Corporatism and Political Theory** (New York: Basil Blackwell Ltd., 1986)

Coleman, William D. “Analyzing the associative action of business: policy advocacy and policy participation,” in **Public Administration** (Fall 1985: Vol.28, No. 3)


Coleman, William D. “Canadian Business and the State,” in **The State and Economic Interests** (Toronto: University of Toronto Press, 1986)

Coleman, William D. “State Traditions and Comprehensive Business Associations: A
Comparative Structural Analysis,” in Political Studies (1990, No.2)


Hayes, Michael T. Lobbyist and Legislators (New Brunswick: Rutgers University Press, 1981)

Houten, Gerry van. Corporate Canada (Toronto: Progress Books, 1991)

of public and private sector perceptions," in *Canadian Public Administration* (Spring 1984: Vol.27, No. 1)


Pross, Paul. “Canadian pressure groups in the 1970s: their role and their relations with the public service,” in *Canadian Public Administration* (Spring 1975: Vol.18, No.1)


Pross, Paul. “Pressure Groups: Talking Chameleons,” in *Canadian Politics in the 1980's*

Pym, Bridget. *Pressure Groups and Permissive Society* (Great Britain: David and Charles Limited, 1974)


177


The Economist. Envy versus enterprise (July 10, 1999; pp50)

The Economist. Politics Brief: Is there a crisis? (July 17, 1999; pp49-50)

Thorburn, Hugh G. Interest Groups in the Canadian Federal System (Toronto: University of Toronto Press, 1985)


Virtual University Biographies: John F. Bulloch (http://www.vusme.org/info/bios/bulloch.htm) pg 1.


Wilson, Graham. Interest Groups (Massachusetts: Basil Blackwell Inc., 1990)


PERSONAL INTERVIEWS

Bulloch, John. Phone Interview by Shannon Pompili (Toronto: April 14, 1999)

Swift, Catherine. Interview by Shannon Pompili (Toronto: March 31, 1999)
VITA AUCTORIS

Shannon Pompili was born in Kitchener, Ontario, Canada and raised in London, Ontario, Canada. In 1993 she obtained her O.S.S.D. with Honours from Catholic Central High School in London. In 1997 Shannon received her Bachelor of Arts Honours in Political Science from the University of Western Ontario. This thesis is in partial fulfilment of the requirements for her Master of Arts degree in Political Science from the University of Windsor.