Smarter Cities in Canada through E-Governance

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“Can we find another vocabulary with which to describe the city, one which takes circulation, hybridity and multiplicity as key urban moments, and fixed boundaries as temporary allegiances and alignments?”

Ash Amin and Nigel Thrift (2002:77)

Introduction

Globalization and new information and communications technologies (NICT) are transforming the role of cities and make them critical venues for innovation and learning. In an increasingly open and digital world, spatial proximity and relational capital arguably matter more than ever: accordingly, local governance matters more than ever as well.

Yet, the emergence in Canada of a significant set of large and medium-sized cities as engines of economic expansion creates many complex challenges. A range of studies by the Canada West Foundation, the TD Bank, the Federation of Canadian Municipalities, the OECD and a Federal Liberal Caucus Task Force all point to serious fiscal shortcomings and other governance failures hampering municipal governments in Canada.

Is there a misfit between effective decentralized e-governance with cities as critical agents of change on the one hand, and the architecture of the Canadian federation on the other?

Our guiding hypothesis is that a fundamental disconnect exists between the promises of smart cities and communities and the current federal architecture in Canada. This situation hampers the governance of both individual cities and the nation as a whole.

The next section explores the growing importance of local governance. The following one examines two Canadian experiences with the new information technologies: smart communities and the government online initiative. Section 3 gauges the state of fiscal federalism. Section 4 provides a prescriptive series of applied measures that are required to truly empower cities and communities across the country. The conclusion explains why one cannot expect anything but piecemeal and “morceau par morceau” progress on this front.

1. Proximity, Community and Technology – A Localizing Nexus

(a) City-regions and network governance

Two sets of forces have tended to bring forth the present explosion of interest in local systems of innovation and governance: the new importance of city-regions as a result of globalization on the one hand, and the spatial determinants of learning and adaptation on the other.
Globalization and the rapid development and diffusion of information and communication technologies have eliminated borders. This process of international integration has triggered a concomitant process of national disintegration as sub-national units came to depend more and more on extra-national circumstances and were forced to adapt separately and sometimes differently from what the national strategies elected. Naisbitt (1994) has labeled this dual adjustment a “global paradox”: broader global integration leading to the growth of importance of city-regions as meaningful loci of governance for socio-economic development (Scott 1994; Moss Kanter 1995; Stoker 1996; Storper 1997; Capello 1999; Lawson and Lorenz 1999).

Saxenian (1994) has probed the key determinants of regional competitiveness and ascribed the success of Silicon Valley to its capacity to develop a “network system”. A network system, according to Saxenian, is a decentralized system in which production is organized by networks of specialized firms that compete intensely while also collaborating -- in both formal and informal ways -- with each other and with local institutions like universities, governments, etc. What matters in this network system are relationships nourished through a collaborative culture that is embedded in proximity (Fukuyama 1995; Florida 1995).

Therefore, the success of a locality is determined, in large part, by its effectiveness in gathering, using, and building on new knowledge and new physical and social technologies (Keeble and Wilkinson 1999). The ability to innovate and enhance technological performance depends on nurturing learning-intensive relations among the different institutions and individuals – firms, laboratories, universities and consumers (Lawson and Lorenz 1999). The result is a new mix of more network-based and associational governance patterns (Cohen and Rogers 1995; Stoker 1996). Such dynamic networks are underpinned by reciprocity and mutual trust, which allow members to share information, risks and opportunities with greater ease (Leadbeater 1999).

City-regions are uniquely able to achieve both the critical mass required to attract and support high degrees of specialization – specialized labor, knowledge, business services, media, etc.—and to foster proximities of all sorts. Through these special qualities, city-regions contribute in a unique and significant way to local enterprises’ flexibility, responsiveness and resilience (Capello 1999; Jacobs 2000).

Social learning refers to “the process of interaction through which individuals and organizations learn from each other and consequently adapt, innovate, develop new arrangements, conventions and rules” and collective intelligence “refers to the creative and discriminative capacities of a group, organization or community” (Coe, Paquet and Roy 2000). Through social learning capabilities, collective intelligence can be enhanced over time. Together social learning and collective intelligence are presented as two important processes by which a city or community can effectively mobilize its intellectual, physical, human, relational and organizational capital. The effective use of social learning and collective intelligence requires governance structures that ensure effective coordination among a variety of stakeholders in a world where knowledge, information, resources and power are distributed (Paquet 1997).

Smart cities are an expression used to refer to city-regions that have been effective in using physical, informational and social technologies to generate effective social learning through good use of collective intelligence and all the relational synergies (Collins, Eger & Paquet 2000). They are examples of the kind of cross sector cooperation that lies at the basis of more distributed governance and provide new opportunities for enhancing both innovation and adaptation (Florida 1995; Paquet 1997; Nelson 1998; Tapscott and Agnew 1999).

What kind of governance pattern is optimal for such communities?
Communities around the world have begun to sketch out possible drafts of patterns of governance for “networked” communities – networks of individuals and firms linked electronically (Eger 1997; Caves and Walshok 1999). Yet, smart communities do not evolve in a vacuum; they emerge in a national context where connectedness is a public good produced by national governments, and national connectivity capabilities may either complement or hinder local initiatives (OECD 2002). The issue is even more complex in a multi-level governance environment.

Barnett (1997) has synthesized the problem area in the form of three main governance challenges that are particularly relevant for federalist regimes such as Canada and The United States: (1) “what size, level and structure of government is best suited to perform an enabling role” in economic development processes today; (2) how can government facilitate activity by the private and voluntary sectors in order to bring about pluralistic, network and participative governance; and (3) how can higher-level governments facilitate the work of lower-level government in the discharge of their duties”?

The analysis of these three challenges in a Canadian context reveals a serious mismatch between what is required and what is available. Canada’s governments would appear to be omnipresent, overpowering, ill coordinated, non-cooperative and most certainly not bent on giving subsidiarity much of a role in the philosophy of governance.

Local government in particular most certainly lacks the policy tools and jurisdictional authority to effectively play their stewarding role in the new governance (Henton 1997; Roy 1998). Yet it is at the local level that new forms of multi-stakeholder dynamics are taking shape, often driven by non-state actors and new partnership-based arrangements.

So in the absence of both the requisite powers and a satisfactory tool-box at the local level, the increasingly complex challenges of co-ordinating across levels of government is inescapable.

2. Smart Cities and Government Online in Canada – Friends and Foes?

(a) The essentially decentralized nature of smart communities

The Smart Communities Program is a three-year federal program administered by Industry Canada to help Canada become a world leader in the development and use of IT for economic, social and cultural development at the local level. The program has the following objectives:

- To assist communities in developing and implementing sustainable “smart strategies”;
- To create opportunities for learning through the sharing among communities of activities, experiences and lessons learned through their experiments;
- To provide new business opportunities, domestically and internationally, for Canadian companies developing and delivering information and communication technology applications and services to support and sustain such “smart strategies”.

(b) Three challenges
An important rationale for this initiative is the recognition that the necessary degree of collaboration between all stakeholders must take place locally. This federal experiment reflects some learning from the Europeans (who have paid much attention to regions) and is asking cities and regions to plan collaboratively in order to qualify for federal resources, rather than trying to impose more direct forms of federal intervention top down as has been common in the post-war policy context in Canada.

This European-flavored policy is easy to understand. As the local level becomes the crucible where innovation occurs, the nature of competitiveness in the new economy has forced national governments around the world to rethink their roles in economic development (Hudson 1995). Clearly, top-down federal approaches to economic development are no longer feasible in an ever changing, dynamic global world, which requires a substantial degree of flexibility in order for local actors to constantly adapt (Paquet 1992; Paquet & Roy 1995). It is within such a bottom-up agenda that the federal strategy of Smart Communities came to be introduced.

The uniqueness of this initiative lies in its fostering a national framework promoting the design of local NICT strategies that address the particular needs of individual communities. The program is based on the concept that local leaders know far better than national officials how next-generation technologies can best be marshaled to a community’s benefit. Success is believed to occur when communities take the initiative – that is, they build the necessary partnerships, develop a vision and take control of the effort.

This point of view stands in sharp contrast with the traditional Canadian federal government’s perspective. The legacy of a strong culture of top-down central government intervention runs deep in post-war Canada. In referring to what we have termed elsewhere as the “centralized mindset inherent in our national governance systems” (Paquet and Roy 1995), Browning points to a mix of apprehension and resistance to any radical redefinition of the “national government’s role” (1998).

With respect to the Smart Communities program, the evidence to date suggests that this relatively limited initiative (some $60 million over three years) designed to create a network of experimentation will have no permanent impact on the broad Canadian landscape. As with the mist in Leonard Cohen’s poem, it will leave no scar on the hill.

Notwithstanding the very real short term benefits that such a program may yield in the 12 pilot communities across the country, it is unlikely that there will be any follow through. As a result, the local development capabilities will remain weak in Canada and hampered by the top-down and largely vertical structures in the different policy fields.

A recent OECD study (2002) on Canada has underlined the weakness of local development capabilities, the friction across federal and provincial governments, and the lack of integrative mechanisms to coordinate their actions – particularly where such integration is needed most.

(b) The Centralizing Tendencies of Government Online

In Canada, the Smart Community Initiative has been completely overshadowed by the ambitious agenda of government online (GOL): the flagship of the Government of Canada in positioning itself in an increasingly online environment. The consequences GOL for local governance are far-reaching.
The major principles underpinning GOL are the priority to the creation of service delivery portals on line. The objective is a client-centered vision of public sector operations, “one-stop shopping”, “service integration” and “seamless government”. This implies a degree of horizontal coordination and information sharing that is presently neither legislatively permissible nor quite workable in a cultural context shaped by traditional lines of vertical accountability (Heeks 1999).

In Canada and across most countries the GOL agenda reflects the flagship initiative of a broader transformation of the public sector for a more digital, and fundamentally different sort of society – the vision of e-government (Harris 2000). Yet, Bellamy has noted the extent to which such drive toward “service integration” faces resistance in a traditional government model:

> The huge variety of information systems, and the profound difficulties experiences in superseding them are not to be regarded simply as the result of technological blinkeredness, managerial shortsightedness, or commercial self-interest - though these factors may be important. They reflect, too, deeply rooted complexities in managing information. Information systems are not developed in vacuums, but grow up to serve a diverse but valid set of business requirements (2000).

Whereas much of public management reform over the past 20 years has been about giving more autonomy to organizational units downstream, moving toward online government requires a tremendous amount of coordination and control upstream to yield system-wide adaptation. The significant danger inherent in the egovernment agenda is that coordination is presented as requiring standardization and centralization. Indeed, online modernization of the state seems to point in a direction that contradicts much of the logic of proximity and devolution.

First, in terms of the technological infrastructure underpinning of a government’s online presence, it is clear that significant financial investments are required. While many small municipalities in Canada are in the early stages of web-site design, the Canadian federal government is benchmarking itself against multinational corporations and other national governments (as are many of its critics and observers). It is clear that the federal government carries a significantly larger resource base to deploy on technological upgrades and a new infrastructure than either their local or provincial counterparts.

As a case in point, in the December 2001 federal budget, GOL managed to secure $200 million in funding – an amount greater than the overall expenditures of some provincial governments, and of most municipalities. Moreover, it is estimated that the federal government alone spends approximately $4 billion annually on NICT-related initiatives (including hardware, software and services), a figure likely to rise in the coming years and one that dramatically dwarfs the spending levels of provincial and local governments.

Second, and equally important, these funding allotments are key enticements for private sector companies seeking to expand their revenues in online-based goods and services. As a result, many of the core competencies and key personnel of large IT service providers are situated in Ottawa, the national capital, focusing primarily on the federal government while traveling when necessary to other locales across the country (larger provincial capitals, notably Toronto, are partial exceptions where significant clusters of private sector clusters providers are also present – yet, public sector divisions tend most often to be directed from Ottawa – provided they are directed from within Canada at all¹). Moreover, many IT companies such as Accenture invariably

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¹ An interesting continental twist to this characterization is the concern expressed by some public servants in Ottawa that the primarily American-owned IT service and consulting providers are increasingly
spur the federal government’s interest and presence in this field with international rankings and high profile benchmarking that focus primarily on national level initiatives.\(^2\)

Organizationally, this spending on new technology tends to have – paradoxically for a government claiming to be more client-centered – centralizing impacts on the structures and operations within the federal government. The reason for this development is the growing permeation of IT across government programs that must increasingly be coordinated and managed in an integrative fashion. The governance of such systems tends to be based on concentrated teams of experts working in large departments or central agencies.\(^3\)

To some degree, the emergence and growing importance of e-government makes it all but inevitable that some centralization of authority will occur there. Even in the hyper-decentralized state system of New Zealand where departments focus on performance outcomes and enjoy unfettered process freedom from central agencies (Boston and al. 1996), the e-government strategy calls for a careful and delicate rethinking of this position (to the dismay of some).

Whether in New Zealand or Canada, defenders of this centralizing approach point to the need for a common look and feel online, integrated infrastructures behind the portals to provide the one-stop services demanded by web-based clients, and an overall strategy to guide the entire government through what is likely to be a complex transformation of its information and knowledge management architecture, IT-laden decision-making support systems, and Internet-based interactions with external clients and stakeholders alike (Paquet & Roy 2000). Without the requisite degree of coordination, it is claimed, government would fracture and become disjointed, coming apart at the seams rather than becoming a seamless provider of services (Allen and al. 2002).

The Canadian government’s drift toward greater concentration of power operationally is not at odds with the rest of its structure. It matches more or less what is taking place in the political realm where an over concentration of power in the executive branch of government is said to be eroding the democratic legitimacy of the current Parliamentary model (Simpson 2001). At the heart of the issue is the over centralization of control and authority within the aforementioned central agencies – plus, and perhaps beginning with the Prime Minister’s Office.

As the Internet grows as a platform for governance, there is a growing contradiction between the service delivery and connectedness agenda of the federal government on the one hand, and the local systems of innovation and collaboration that seem to be at the core of competitiveness and economic progress on the other.

The place of cities seems to be both more important in the innovation agenda, and yet somewhat denied and suppressed in the connectedness agenda. This contradictory stance raises important questions for fiscal federalism and inter-governmental relations.

\(^2\) Recent Accenture reports, for example, have ranked Canada number one in the world for the past two years, resulting in much cheerleading within the federal government over such a result.

\(^3\) To illustrate, within the federal government, the computer systems (CS) Community is based heavily in and around Ottawa-Hull. In 1999, 67% of all CS employees were located in the National Capital Region (NCR), compared to 34% for the entire PS. As CS employment increases, more workers are located in the NCR – and this concentration is highest in the executive ranks of CS managers.
3. A Disconcerted Canadian Fiscal Federalism

(a) The dominant logic

The central agency control of e-government is an echo of the centralizing dominant logic of the federal system in Canada. It is reflective of the careful top-down managing of inter-governmental relations. Even though there were moments in the late 1990s when efforts were made to institutionalize cooperation and dialogue in the critical policy areas of health care and social services – e.g. the Social Union covenant – this has been overshadowed by an unrepentant assertive stance of the federal government based on three assumptions (Paquet 2002a):

a. The assumptions underpinning the liberal constitutional project (Carter 1998) that there is a need for central control
b. The assumptions that a bottom-up federalism is unworkable and that there is no way either to design a legitimate and effective chaordic (i.e. mixed centralized/decentralized) system
c. The assumption that one cannot accommodate a variety of “whatever” or singular communities in the body politic.

These assumptions have been challenged before but they have proved quite resilient. Stephen Carter (1998) has made the point that the “liberal constitutional project” (built on the presumption that central government is “more likely than anybody else to find the answers that are right”) is in a powerful sense anti-democratic, and anti-communitarian (p.20). It is based on the foundation that the views of people are irrelevant except when they happen to be in support of the liberal constitutional project, in which case they are crucial (p.21).

The assumption that no system can function without some central control is widely held and is best expounded by Jaques (2002) as a binding rule of living organizations. It posits the need for some constraints to be defined in order for a freedom-based organization to avoid floundering and collapsing. This body of doctrine has generated a profound inclination of people for centralized explanations (Resnick 1994).

The second set of assumptions flow directly from the first, but it complements it in a fundamental way and may be regarded, in part, as an enriched corollary. It suggests that (1) no fully decentralized solution is viable but it also adds that (2) one cannot mix centralization and decentralization. The first statement raises questions about the process of emergence and has been countered effectively by recent work (Holland 1998). The second statement has been regarded as a categorical imperative by Jacobs (1992). She has argued that mixing systems that are defined by different syndromes (centralized, decentralized) could only generate monstrous hybrids. This argument is entirely spurious (Hubbard & Paquet 2002). Bottom-up chaordic organizations (mixing chaos and order) have proved that they are workable, viable and effective (Hock 1999).

The third set of assumptions is more difficult to unplug. But it is also a derivative of the first two sets of assumptions in the sense that the need for centralization and the impossibility of mixed institutions can only entail an incapacity to take into account the variety of singular communities generated by a deep diversity context. This difficulty is ascribable both to the large number of such communities and to the coefficient of rigidity of many “identity groups”.

These three sets of assumptions pollute most debates about federalism.
They presume a “natural” dominance of centralization and a need for control, the impossibility of building bottom-up structures or mitigating the malefïts of centralized organizations by mixed forms of organizations, and the need to ignore singular communities simply because they cannot be effectively represented by a simple and rigid system.

Yet, the new global and technological contexts call for quite different a structure: a reframing of federalism based on the converse of these assumptions – (1) the primacy of decentralization as design principle, (2) the practical possibility of constructing hybrid organizations to ensure that effective coordination ensues, and (3) the requirement that singular communities be afforded a requisite voice through flexible instruments like regimes.

But this point of view is not yet in good currency in Ottawa. The dominant logic remains one of excessive centralization that has fed an obsessive fixation on both “branding” Canada as shaped by federal policies, and connecting Canadians as a way to provide federal leadership.

(b) Two points of view

There are two camps espousing different views of the Internet’s impact on the relations between Ottawa and the provinces and municipalities.

The first point of view is an echo of techno-optimism and is a vision of fully integrated government across all levels serving the citizen as one. In this world, the individual Canadian is less interested in jurisdictional turf wars and more interested in responsive and overall service levels.

NICT makes such a vision at least feasible, and an important new forum for governance in Canada is the CIO Council bringing together the Chief Information Officers of the federal government and all provinces in an annual summit – designed to pursue better coordination and alignment across these two levels. Yet, this Council remains in its infancy, and notwithstanding the important dialogue beginning to take shape over the inter-operability and synergies to be gained across levels of government, concrete action toward any meaningful system of shared governance remains for the time being elusive.

In this context, in the debate about fiscal federalism – i.e., the match or mismatch lack of fiscal resources with fiscal responsibilities of the different levels of government -- the upper hand goes to the federal government that claims that “Connecting Canadians” is a national challenge requiring federal action, leadership, and control.

The second point of view pitches subsidiarity against connectedness: it suggests that the allocation of tasks among levels of government (and with it the requisite portion of the fiscal pie) according to the subsidiarity principle (that favors serving the citizen always as much as possible through lower level governments) should take precedence on the imperative of connectedness.

While this argument has some intellectual potency, it has not generated a common front among the various non-federal agencies and parties yet. Up to now, the non-federal parties have focused their attention on denouncing some of the failures and inadequacies of the present system.

(c) The fundamental malaise about the present arrangements

The Canada West Foundation has demonstrated both that the present fiscal arrangements provide inadequate resources to municipal governments to meet their responsibilities (Wong 2002) and
that relative to their American counterparts, the lack of fiscal and policy tools presents a serious potential long-term competitiveness handicap for Canadian locales (Vander Ploeg 2002). Indeed, there is an emerging coalition of interests that agree by and large on the fact that cities are starved for resources and lack an adequate fiscal base for taxation.

The Mayors of Canada’s larger cities – supported by the Federation of Canadian Municipalities, a group representing municipal governments across Canada – armed with various studies comparing municipal taxation capacities across Canada, the United States and Europe, have made their case to federal leaders that some action is required, and demanded publicly a “new deal” for cities in Canada.

The media has been supportive of a stronger role for cities, a trend illustrated by a series of reports produced in 2002 by the Toronto Star on Toronto as a “livable city-region” at great risk in the new century due to a lack of fiscal and political autonomy. The findings, echoing the messages of researchers and civic leaders who participated in Smart Growth Summits in different Canadian cities earlier in the same year, demonstrated a crippling effect on its capacities for both economic competitiveness and social cohesion relative to other large cities around the world.

Even the private sector has voiced concern. Most notably, a recent study commissioned by the TD Bank commented on Canada’s eroding urban infrastructure and the link to weak local capacities that can only lead to inadequate responses:

There must be renewed investment in knowledge and the institutions that foster it….Local governments can go some way toward addressing these needs within the parameters of their current authority. But, with their heavy dependence on property taxes and user fees, and, in some cases, their considerable debt loads, they are in no position to meet the bigger challenges they face4.

Yet, final recommendations have tended to lean toward more federal action rather than toward any fundamental realignment of powers and taxation across levels of government: for example, in their final report on Canada’s Standard of Living, a far-reaching review of economic development capacities, the option ranked number one is a system of federal and provincial grants to municipalities: option two is a transfer of taxation of authority instead (TD Bank 2002). This reluctance on the part of a traditionally conservative private sector to overtly criticize the federal government’s current structural tendencies is understandable – but the findings are nonetheless important and revealing5.

Finally, an important commission in Quebec (la Commission Séguin) has synthesized many of these findings in a stinging report concluding that an important fiscal disequilibrium exists between Ottawa and the provinces, and it has received moral support from a study of the Conference Board of Canada forecasting growing federal surpluses over the next 10-15 years whereas provinces are likely to face recurring deficits over the same time period (Paquet 2002b).

4 Passage from second report on Canadian cities (pg ii), GTA Locomotive in Need of Repairs (www.tdd.com/economics)

5 Not only is the banking sector likely to be cautious in not making an overt case for higher taxation levels (a criticism nonetheless leveled at TD by some media commentators and right-wing think tanks), but with regulatory and competitive issues such as mergers under the rubric of federal control it is hardly surprising that caution may be the order of the day. In any event, a strong and shared view from the business community on fiscal capacities remains elusive.
In sum, whereas the rise of the knowledge-economy and cluster-based systems of innovation during the 1990’s, coupled with the demographic expansion of Canadian cities, has led to a growing importance of meaningful and powerful local governance as a key to competitiveness, growth and prosperity in a globalizing world, the centralized mindset has generated tendencies that have stymied meaningful reform toward decentralization.

Municipalities lack constitutional recognition and visibility relative to their provincial and federal counterparts. Moreover, a weak fiscal resource base means that local governments are ill equipped to meet the challenge of becoming smart communities in a technological sense. All the while, billions are spent by the federal government in pursuit of strategies and mechanisms to assert federal government activities and its presence in cyberspace, much as it has over the past 50 years in real time.

This has done much to leave urban Canada in the position of a stalled omnibus.

4. From E-government to E-Governance – toward a non-zero-sum strategy

The danger of the present stalemate is that it has a zero-sum-game flavour. The federal government is defending its power base and its fiscal resources against junior governments at the very moment when their actions (especially at the local level) are a necessary condition for national prosperity. And yet, the local governments cannot seem to ever gain access to the resources they require except through a rebalancing of Canadian fiscal federalism that is bound to leave the federal government worse off -- i.e. with less resources.

The only way to break this vicious circle is to demonstrate clearly to the federal government that its best interests, and the best interest of a prosperous and innovative country, lie with a greater empowerment of the local government, and a rebalancing of Canadian fiscal federalism. Only if the federal government accepts to shift important fiscal resources to local authorities can it expect to nurture better the growth potential of the Canadian economy, its productivity and innovativeness, and therefore reap additional fiscal resources for itself from a prosperous economy.

It is the main argument of Robert Wright that throughout history humans have learned progressively more complex non-zero–sum games with the help of technologies (Wright 2000). One should therefore seek the solution to the present conundrum in the development of meta-technologies of cooperation through the use of the very technologies of information and communication that are used at present to consolidate the position of centralized power and feed confrontation.

(a) Breaking down the zero-sum-game mindset

Power must be de-concentrated from its current form at the centre of government (in both Ottawa and provincial capitals) and shared in a new manner. In the face of this task, both radical Ottawa-minded centralist and radical local government enthusiasts are counter-productive. They reflect the same zero-sum-game logic and tend to perpetuate futile and fruitless debates.

The former promote reforms from the center through e-democracy: they call for blueprints to leverage technology as a means to reinvigorate democratic representation at the center, and, through various mechanisms such as a reformed Senate, they claim that they can give a stronger
voice to local and regional interests in the renewed center (Lenihan et al 2002). This is asking nothing short of abdication of any sort of active leadership by local groups.

The latter promote nothing less than a hollowing out of the central government and a denial that there are any “Canadian goods” at all. What these groups aim at is nothing less than a dissolving of the country into a loose web of agreements to ensure compatibility among local open networks. While such a radical decentralization has merits, it also has costs. Moreover it wishes to wrestle away all power from the centre.

One must reframe the issues to get out of this zero-sum-game mindset, for otherwise all efforts are going to be directed to feed the conflict and to bolster each radical position. This sort of conflictive equilibrium leads nowhere. One shall therefore be forced to take strong action to de-legitimize both extreme positions.

This can be done by efforts to unveil the disastrous consequences of these extreme scenarios. Up to this point, this sort of work has been done with ideological vigor by phalanxes of ideologues on both sides. What is required is dumping boldly on both these houses but with equanimity. We have done some of that work with very little success for cognitive dissonance runs high. But it can be done effectively if one succeeds in expressing such criticisms as attacks on all sort of zero-sum-game approaches.

(b) Creating a non-zero-sum-game mindset

Such an approach is based fundamentally on bridge building -- creating nothing less than an innovation commons through finding a common “territory of the mind” across national and local agendas and issues.

This sort of shared and renewed governance system based on building bridges across government levels is the only realistic ground for actions that can strengthen local governance capacities.

While the policy dialogue underpinning this approach remains rather weak and fragmented, there are some early signs of reform that may hold some promise.

The Canada West Foundation (Wong 2002) has made a forceful case for inter-governmental dialogue, and the need to embed this dialogue through standing committees with inter-governmental representation to focus on common challenges. This view on the need for political interdependence is put forth as one step toward greater decision-making autonomy in an era where complementary research undertaken by the same group has shown that economically, the urbanization of Western Canada is continuing along with a rise in continental dependence for all provincial economies in the West.

This fundamental disconnect between economic and political development and the need to create a shared space across local, provincial and federal actors are central governance variables at the heart of any renewed and strengthened federalism (OECD 2002).

Also in the west, the Government of British Columbia has launched a process of simultaneous reform provincially, based by and large on fiscal offloading and electoral reform, as well as locally – undertaking a commitment to introduce a so-called Community Charter – “designed to provide a new partnership with municipalities based on greater autonomy and strengthened accountability to citizens”.

This proposed Community Charter would:

- Strengthen local decision-making by eliminating antiquated and prescriptive regulations imposed by the province.
- Allow local governments to streamline and adopt standardized regulations within a region simplifying — procedures for businesses working in more than one municipality.
- Improve local-provincial relations by prohibiting the forced amalgamation of municipalities.
- Outlaw “offloading” of provincial costs onto municipal governments without the resources to fund them.
- Provide municipalities with better planning and revenue tools to help reduce pressure on property taxes.
- Enhance local accountability by ensuring councils prepare annual reports and by establishing new standards for ethical conduct\(^6\).

The general thrust of this proposed charter, namely improved provincial – local relations and reduced uncertainty and expanded planning capacities for municipal governments marks an important break from the trend of the past decade, one which saw local governments facing the new result of often-disingenuous fiscal offloading by the federal government and the provinces. The fact that the current Premier of B.C. is a former Mayor of Vancouver suggests the potential for sensitivity to such issues, although the proposals remain under development and their evolution is taking place in a precarious fiscal environment for the province as a whole.

There are less concrete but still relevant signs also emerging in other provincial jurisdictions as well. Within Quebec a current commission exploring democratic reform and citizen participation could provide some fertile groundwork for a new Quebec government to rethink provincial – local relations within this province. And in Toronto, a group of prominent civic leaders has recently formed to lay the groundwork for a new vision of a livable city – and specifically to provide ideas that might help a new Mayor of that city to work with next provincial government of Ontario in strengthening the overall governance capacities of Canada’s largest urban centre.

Of course, improving the local – provincial dynamic, while a necessary starting point, remains only one component of a broader and necessary federalist framework that must strategically rethink both the formal policy and fiscal capacities and the growing synergistic relations across federal, provincial and local authorities. As a starting point, what is required is some recognition of interdependence – around which an appropriate language can then emerge.

(c) A language of interdependence

A new type of non-zero-sum-game federalism will only take hold through a sustained conversation about taking governance in a new direction. Presently, public opinion in Canada is clearly not prepared for a massive devolution of power; yet there is widespread dissatisfaction with the present arrangements. The only way to launch a process of change is through dialogue,

\(^6\) [http://www.gov.bc.ca/bcgov/popt/new_era/municipalities.htm](http://www.gov.bc.ca/bcgov/popt/new_era/municipalities.htm)
but it must be a renewed dialogue designed to seek a truly bottom-up philosophy or at the very least allow some space for new models and a new language to emerge.

The following four principles are of central importance in pursuing the vision of collective intelligence through better, more collaborative approaches to governance:

- Open dialogue and constant deliberation
- An emphasis on social learning
- Community-based governance processes
- Shared power and multiple accountabilities

The first and second principles underscore the necessity of ongoing conversations across all levels of government, as well as across all sectors and the citizenry – in a manner that is truly conducive to participation and learning. In this sense, the recent and current wave of “smart initiatives” across the country – some focused on connectivity but most much more holistically centred on growth and development processes through digital infrastructure and social action – is not misguided in mobilizing citizens and organizations to define their stake in local action and engage with others to forge a collective covenant on a vision for the future. The missing component in such processes, however, as illustrated by the aforementioned Innovation Strategy example, is an honest, shared and truly deliberative degree of participation by provincial and federal authorities.

This latter point arises from the third principle – namely, community-based governance processes and the manner by which traditional approaches to planning and policy-making in our current federal system are opposed to any meaningful nurturing of them. A case in point is the currently fragmented focus at all levels of government on citizen engagement – a more effective form of democratic governance based on public participation – where the federal government in particular is determined to assert its leadership and direct such forms of engagement, a strategy fundamentally flawed.

This disconnect between federal action and essentially localized forms of community governance and participation becomes more critical in an era of e-government where defenders of traditional and centralized forms of action are likely to see digital technologies as a means for the federal government to overcome spatial forces that most inherently favour localized forums. While such an approach cannot succeed, the result will be a confused and increasingly cynical citizenry faced with more open local governance processes nonetheless at odds with the structures of power and resources favouring the provincial and federal processes least likely to accommodate this deliberative imperative.

As such, the fourth and final principle is perhaps the centrepiece of a renewed framework of e-governance that enables shared systems of governance – driven by smarter cities. If the notion of client-centric government is one to be taken seriously, the Internet, as a platform for digital connectivity and more interdependence allows for, and demands a greater blurring of boundaries across levels of government (much as it does across organizational lines within these same governments). Health, education, innovation and citizen engagement all become elements of an

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7 The most recent federal exercise focused on Innovation, a shared agenda across Industry Canada and HRDC is a case in point of precisely the traditionally top-down model that should be avoided: in a final Summit designed to showcase the federal Industry Minister (and leadership aspirant), the rhetoric of local action fit poorly in a context of communication and showmanship – and a misguided message of the need for federal leadership.
integrated and more holistic strategy for growth and prosperity – and the challenge is to focus on outcomes and objectives, building mechanisms through collaboration and dialogue to define them, sketch out action plans to pursue them and adapt to changing circumstance as need be.

The vision of a smart city and the capacity to become smarter reside not in technological infrastructure of connectedness but in the socio-economic and political development that is the product of open, effective and adaptive systems of governance. To achieve this end, smarter governance also means shared governance – and step one will be finding the will to overcome the fiscal and cognitive disequilibrium that stymies Canadian localities today.

Two-tiered territorial federalism rooted in a deep zero-sum-game mindset cannot lead the way into a new framework capable of providing a proper place for smart city-regions. One must drift toward a looser regime-based federalism capable of generating new non-zero-sum game solutions (Paquet 2002b). While such looser regime-based federalism risks blurring boundaries and may lead some to fear confusion, this under-estimates the cognitive capacities of what is today the most educated and knowledgeable citizenry in history.

There is a need for political leadership to expand federalism beyond its traditional two-level (federal provincial) and strictly territorial confines. This is what regime-based federalism promises, and this is where e-governance might be most useful as a guiding framework.

(c) Missing loci for deliberation

Making the path ahead difficult are (1) the lack of understanding of the centrality of deliberation, and (2) the lack of workable loci where meaningful deliberation might be carried out.

The ViewPoint Learning model (below) provides a useful framework to make both points forcefully (Rosell 2000; Yankelovich 1999).

The promise of smart cities and the limitations of our current federalist arrangements that hold back cities in their effort to play a meaningful role on the national scene would appear to have entered the Canadian psyche. Clearly, consciousness about the problem has been raised. While there are counter forces at work resisting this evolution (many of which have been referred to in this paper) they have largely challenged the legitimacy of this endeavour without entering into any meaningful debate with their opponents. The non-debate around the Seguin commission report is a most fascinating example of Ottawa using the full arsenal of “plausible deniability”. But there are reasons to the case for a rebalancing of Canadian federalism will become inescapable in the months and years ahead – even if this case alone may be insufficient to force change on the current system built on centralization.

But the legitimacy of entering Phase II is not sufficient. What is required is a locus where such dialogue-driven working through might be conducted. The main failure of the Canadian polity at the present time is the lack of a meaningful forum where such questions can be debated. The Canada West Foundation with much force has underscored this point. Could this be addressed by a Standing Committee of Senate? A Permanent Federal-Provincial-Municipal Round Table on the model of the council of Minister of Education or of the old Tax Structure Committee that could met regularly under a rotating Chairmanship to debate such issues, help formulate the sort of choices likely to gain support and to placate those resisting them most, and prepare the choicework. Such mechanisms are missing at this time and must be put in place as a matter of urgency for there is no hope that deliberation will proceed unless suitable loci for deliberation are created.
For the time being the absence of such forums makes it all too easy for the TD Bank sponsored studies on Canada’s Standard of Living, the message of Canadian Mayors, ad the Community Charter being discussed in British Columbia to be overshadowed by discussions of health care (Royal Commission) and defence and security (terrorism and the potential of war in Iraq) – all issues that have emerged in public debates because they can be cast so easily within the traditional federalist rubric of federal – provincial jurisdictions, and in terms of the necessity of an expanded federal presence and national systems to achieve outcomes.

The real challenge faced by researchers, policy makers, civic leaders and citizens lies in phase two of the framework presented above – namely the continual formulation of choices and a stronger dialogue on fiscal federalism and the emerging place of cities in Canadian governance today. What is most encouraging at the present time is the strengthening of discursive capacities locally, as municipal governments have begun to aggressively orchestrate “smart” processes with all sectors and the public in order to achieve capacities for visioning and the design work that invariably involves choices. The missing element, therefore, is a complementary discussion that encompasses provincial and federal authorities on the necessity for devolving power and forging more synergistic relationships across levels.

Our claim, then, is that the rise of e-governance, with the permeation of the Internet as a new socio-economic and political infrastructure can be a powerful force in both raising the consciousness of Canadians in terms of both the need for stronger localizing capacities and the technologically-induced possibilities for a more citizen-centric governance that focuses less on boundaries and divisions and more on objectives and outcomes. The Federation of Canadian Municipalities may be a most effective catalyst in this process if it were to decide that it is not merely a matter of more cash for the cities but a broader reconstruction of governance to truly enable local authorities to strengthen governance.
Conclusion

Perhaps the most fundamental quantum change brought about by a shift from top down e-government to bottom up e-governance is the need and the opportunities for shared solutions that blend the best of local intelligent accountabilities and effective national learning.

Democratic reform and voting online is no panacea for democracy’s shortcomings; yet, it serves as a useful indicator of openness to change. It is no accident, therefore, that within the most participative democratic system, Switzerland, online experimentation is occurring sub-nationally where it can complement more traditional channels in a socially embedded manner. The Swiss experiments underscore an irony of the Internet age: change begins at home where proximity still matters.

Democratic governance will be strongest when replenished with civic networks and real-time conversation and e-governance can provide many cooperative and amplifying mechanisms in this task. Local governments, traditionally the most open and participative, must strive to maintain such attributes: they must ensure that technology becomes a means to improving democracy rather than a tool for its containment.

Not all regions are equally prepared for such a move, so it is likely that smarter communities will evolve progressively and piecemeal in Canada -- as e-governance takes hold -- and that once again it will be shown that Canada is not a single, homogenous and centralized entity but rather a number of separate yet united experimenting grounds. It may well be that the missing mechanisms will not materialize everywhere at the same time. Consequently, it may well be that much should be expected from regional initiatives. Western Canada would appear to be ready to give a strong voice to its cities. Maybe this is the tipping point we have all been looking for in the design of new multi-level deliberative mechanisms.

The path to further unity is learning, innovation and prosperity, and such processes in the 21st century are primarily localized – aided, potentially, by shared, federal governance mechanisms designed to nurture this localization. As the urban mayors rightly seek a greater voice in our over-concentrated federation, they could serve us well by going far beyond stark demands for a reform of fiscal federalism and embracing political and technological innovation in a bold manner and propose nothing less than a new set of “innovation commons” that they would agree to steward within a loose national/provincial framework.
References


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