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Distributed Gouvernance and Transversal Leadership

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"The obverse of hope is trust"

James O'Toole

1. Introduction

Québec-Canada constitutional carpentry has become a national cottage industry. For years now aficionados have met in different forums on different weeks of the year to debate slightly different versions of the same basic scenarios. After a while these ballet-like exchanges have ceased to generate excitement because of the fact that basically they are the reenactment of the same constitutional charades. Yet failure at this game is exacting a heavy toll on the country and there is a danger of a fatigue syndrome on the part of the citizenry.

The way out of this stalemate for the sovereignist camp is through hope. The separatist movement, however flimsy may appear the base on which it is constructing such hope, is providing a permission to dream. For a large number of Quebeckers living in regions where the unemployment rate is oscillating around 30%, the dream of a future where things might not be as bad as they are now, of a future that will materialize magically the day Quebec is free from the bondage of Canada is an attractive proposition. This is not unlike a modern version of the "cult of the cargo" or of "some day my prince will come". Passively and effortlessly, the present dreadful state of affairs will be cured by separation.

Up to now, the federalist camp has either fantasized about instant constitutional reform or been satisfied to try to puncture that hope. It should be clear by now that no magic constitutional refurbishment will materialize and that one cannot expect to win over the hearts and souls of Quebeckers by dashing their hopes; nor can one expect to win them by publicity brochures about how Quebeckers have had it so good within Canada over the last 130 years.

The only way out for the federalist camp to find ways to rebuild trust.

This calls for refocusing the debates on the highest and best use of the non-constitutional route and for a new transversal, principled but pragmatic leadership along that road. This in turn requires a refurbished notion of governance and for a renewed notion of leadership rooted in the earned confidence based on accomplishments by the leader as servant. This sort of governance and leadership is feared not so much by the have-nots (who are often uninvolved and passively hopeful), but by the haves who have invested so much in the status quo (status, beliefs, values, power) that they are unlikely to allow change to proceed and perturb their comfort and security. Challenging this collective myopia of the haves and their 'somnambulistic certainty' about the rectitude of the existing governance process and the sort of leadership in good currency is the task facing those who want to earn trust [Mannheim 1936; O'Toole 1995].
2. From centralized to distributed governance

Governance is about guiding: it is the process through which an organization is steered. Fifty years ago, in Canada, governance was debated in the language of management science. It was presumed that public, private and social organizations were strongly directed by leaders who had a good understanding of their environment, of the future trends in the environment if nothing were done to modify it, of the inexorable rules of the game they had to put up with, and of the goals pursued by their own organization. Those were the days when social sciences were still Newtonian: a world of deterministic, well-behaved mechanical processes where causality was simple because the whole was the sum of the parts. The challenge was relatively simple: building on the well-defined goals of the organization, to design the control mechanisms likely to get the organization where it wanted to be.

Many issues were clearly amenable to this approach, but as the pace of change accelerated and the issues grew more complex, private, public and social organizations came to be confronted more and more with "wicked problems," that is, issues in which the goals either are not known or are very ambiguous, and in which the means-ends relationships are highly uncertain and poorly understood [Rittel and Webber 1973]. To deal with these wicked problems, a new way of thinking about governance was required. In this Quantum world, there is no objective reality, the uncertainty principle looms large, events are at best probable and the whole is a network of synergies and interactions that is quite different from the sum of the parts [Becker 1991].

The governance system evolved accordingly and rather smoothly over the last decades. However, it is not always understood that is has been transformed as a result of a number of rounds of adaptation to provide the requisite flexibility and suppleness of action. The ultimate result of these changes is a composite governance system built on unreliable control mechanisms in pursuit of ill-defined goals in a universe that is chronically in a state of flux. This composite governance process has emerged in four stages of complexification [Boisot 1987; Paquet 1994].

At first, when organizations were relatively small and under the direction of autocratic leaders, governance had a fiefdom quality: information flows were very informal, and they were strongly focused on a small group around the leader. But as problems grew more complex, this pattern of governance faltered: more elaborate structures and more formal rules had to evolve to meet the organization’s changing needs but these formal rules remained the preserve of those at the top of the hierarchies. From these emerged the more or less standardized bureaucratic forms of organization that played an important role during “les trentes glorieuses années” between the 1940s and the 1970s.

As the pace of change accelerated, problems became ever more complex, less easily structured and ever-changing — and the bureaucratic system, with its slow capacity to transform, began to show signs of dysfunction. This led to efforts to partition private, public and social bureaucracies into smaller self-contained and more flexible units that were likely to be more responsive to clients. This market-type governance, built on the price system had the benefit of being more inclusive for price information is widely shared. In the private sector, large companies went into
a process of segmentation, creating a multiplicity of more or less independent profit-centred organizations likely to be more attentive to the changing needs of the clients and to be more adaptable to evolving circumstances. With a lag, public bureaucracies have gone the same route with, for instance, the creation of Executive Agencies in the United Kingdom or Special Operating Agencies in Canada. Organizations came to be governed — to a much greater extent than before — by the “invisible hand” of the market.

But information flows in market-type organizations are anonymous and highly stylized: the price-driven steering mechanism within organizations often, therefore, proved to be less than perfect. For instance, it was insensitive to third-party effects and external economies, and was incapable of appreciating either the synergies within the organization or the various forces at work in the external environment. More importantly, the myopia of the market led to short-term opportunistic competitive behaviour that proved disastrous for organizations. As a result, an effort was made to establish or re-establish within their decentralized units the informal cooperative links — les liens moraux — that might give an organization a sense of shared values and commitments. Corporate culture acquired a new importance as the sort of social glue that enabled organizations to steer themselves better through better use of informal moral contracts based on shared values.

While private sector organizations were very fast in developing these new informal channels of communication, public organizations were much slower to recognize the central importance of these clan-type relations. In the case of Canada’s public service, the Public Service 2000 exercise was perhaps one of the first occasions when these issues were given prominent visibility.

This shift in the centre of gravity of the governance system is captured well by Max Boisot’s information space (Figure # 1) in which he identifies the different types of governance schemes that correspond to more or less codified and more or less diffused information flows [Boisot 1987]. While earlier forms of governance continue to persist and endure, the whole organizational architecture has come to be dominated less and less by the sort of centralized formal decision-making and hierarchical control that characterize the governance of fiefdoms and bureaucracies, and more and more by informal and distributed governance systems as those that characterize markets and clans. Within a complex and multifaceted governance process, the center of gravity of Boisot’s information space has been shifting broadly from a bureaucratic focus to a market-cum-clan focus over the last decades.

When the ground is in motion, organizations can only govern themselves by becoming capable of learning both their goals and the means to reach them as they proceed, through tapping the knowledge and information in the possession of active citizens and getting them to invent ways out of the predicaments they are in. This more decentralized governance intervenes strategically as an animateur and a catalyst. Such a governance system deprives the leader of his or her monopoly on the governing of the organization: for the organization to learn fast, everyone must take part in the conversation and bring forward each bit of knowledge and wisdom he or she has that has a bearing on the issue. [Paquet 1992; Webber 1993; Piore 1995].
The new governance structures (more modular, network-like and integrated either by the invisible
hand of the market or by informal moral contracts) are only one half of the learning process. The other half is the work of the leader as animateur. Instead of building on the assumption that the leader is omniscient and guiding autocratically top-down, a distributed governance process builds on social learning and on the capacity of the leader to listen and to lead through a critical dialogue with the stakeholders to ensure that everyone learns about the nature of the problem and about the consequences of various possible alternative initiatives.

The citizenry and clienteles learn in this manner to limit unreasonable demands, managers and administrators learn to listen and consult, and other stakeholders learn enough about one another’s views and interests to gauge the range of compromise solutions that are likely to prove acceptable. As a result, the distributed governance process predicated on social learning builds on the answers to four questions posed to all stakeholders in this variety of meso-forums: Is it feasible? Is it socially acceptable? Is it too destabilizing? Can it be implemented? [Friedmann and Abonyi 1976].

3. A three-pronged strategy

It has been established that the best learning experience in a context of rapid change can be effected through decentralized and flexible teams woven by moral contracts and reciprocal obligations negotiated in the context of evolving partnerships [Nohria and Eccles 1992; de la Mothe and Paquet 1994]. According to this gauge, the Canadian governance system would appear to suffer from learning disabilities. It would appear that there is a strong institutional residue from the fiefdom and bureaucratic eras. Indeed, some might suggest that those elements still dominate much of the the Canadian governance landscape.

For the federal government, the challenge of distributed governance important. It calls for the definition of a new role for the central government, a new role which depends to a great extent on its capacity to earn the trust of Canadians and to explain the manner in which it can play its role of animateur and leader within the new governance system.

In order to effect a transition in our governance system likely to rekindle the commitment of the citizenry and to regenerate trust in the federal government by the population of all regions, three major and difficult tasks must be undertaken: (1) a reframing exercise, (2) a retooling exercise and (3) a mobilization exercise.

a. The reframing effort entails a shift from debates on government to debates on governance. This will be defocusing discussions from the fight between coalitions trying to seize power and establish their hegemony toward an examination of the best way one might design the system so that it learns faster and more effectively. Our socio-politico-economic system is like our immune system: it is bombarded by new bacterias and viruses continually and it has to "learn", develop, transform to cope effectively with them. Focusing on governance requires that we reflect on the required changes in our governance system. This raises a meta-problem: the question of the rules that are to be used when changing rules.
Already some of this reframing has been initiated at the federal cabinet level. It has been suggested that a *meta-rule could be provided by the principle of subsidiarity* [Burelle 1995; Janigan and Fulton 1996]. Such a principle or philosophy of governance leaves completely open the precise allocation of responsibilities, it simply suggest a set of principles to help decide who should do what.

It is difficult to imagine any party refusing *ex ante* to enter a debate on governance based on this principle. Indeed we have reasons to believe from statements of endorsement like those of staunch sovereignists like J.F. Lizée (on the backcover of André Burelle’s book) that such an approach would even be acceptable to Quebec [Burelle 1995]. This approach has also the merit (1) of putting the responsible citizen at the center of the stage, (2) of underpinning a division of labour not only between Quebec and the Rest of Canada but among the private, not-for-profit and public sectors based on efficiency and proximity, and (3) of undergirding a distributed notion of governance and a transversal notion of leadership.

b. The retooling effort needed to support the reframing strategy sketched above entails the development of political and administrative instrumentalities to ensure that the transformation of the governance system be effected in an orderly manner.

First, at the symbolic level, one requires a sketch of an inspiring *political vision* of where the governance system might be heading if a subsidiarity strategy were adopted. A plausible beacon might be Switzerland but there might be other models. While such a broad fuzzy objective is vague and most certainly not meant to be binding in any way, it would have the advantage of providing the citizenry with a reference point. It is very difficult to understand how trust could be regained by the federalist camp without such a vision. Yet, there seems to be quite a bit of diffidence on the part of the federal public officials in providing any vision of where their strategy would appear to lead.

Second, at the realities level, one requires a sketch of the *administrative means* through which the reallocation of responsibilities will proceed. The obvious administrative routes might well be Program Review (in a refurbished format) and the Efficiency of the Federation Initiative (in a rekindled form) as leading instruments to establish beyond reasonable doubt the degree of seriousness of the federal government in proceeding with a streamlining of its own operations in keeping with the philosophy of subsidiarity. This would entail massive devolution with compensation.

c. The mobilization exercise calls for an pro-active strategy to neutralize the dynamic conservatism of those in power and to expose the various stratagems in good currency to derail the process of change. But one must also find ways to elicit a strong active commitment to the new philosophy of governance. Education, information, communication must play an important role in this effort. Central to this process is the recognition of the power of the ideology of comfort and the importance of a new form of values-based leadership mobilizing the positive freedom of the citizenry.
4. Social learning and transversal leadership

At the core of this mobilization process, one finds social learning and transversal leadership. To cope with a turbulent environment, organizations must use the environment strategically, in the manner the surfer uses the wave, to learn faster, to adapt more quickly. This calls for non-centralization, for an expropriation of the power to steer from the sole top managers of the organization: we are very far from unilateral decentralization that can be rescinded. There must be a constant negotiation and bargaining with partners. Managers must exploit all the favorable environmental circumstances and the full complement of imagination and resourcefulness in the heart and mind of each team player; they must become team leaders in task force-type projects, quasi-entrepreneurs capable of cautious sub-optimizing in the face of a turbulent environment [Leblond/Paquet 1988].

a. This sort of strategy calls for lighter, more horizontal and modular structures, networks and informal clan-like rapport [Bressand et al. 1990] in units freer from procedural morass, empowered to define its mission and its clienteles more precisely, and to invent different performance indicators. This is not only the case in the public sector: in the private sector, the "virtual corporation" and the "modular corporation" are now the new models [Business Week and Tully in Fortune February 8, 1992].

These new modularized private and public organizations cannot impose their views on clients or citizens in a Taylorian way. The firm very much like the state must consult. Deliberation and negotiation are everywhere: away from goals and controls and deep into intelligence and innovation. A society based on participation, negotiation, and bargaining replaces more and more one based on universal rights. The strategic organization has to become a broker, a negotiator, an animateur: in this network socio-economy, the firm and the state are always in a consultative and participative mode [Paquet 1992].

In these forums that cut across bureaucratic hierarchies and vertical lines of power, fraught with overlapping memberships, personal ties, temporary coalitions, special-task organizations, "the organizational structure of the future is already being created by the most as well as the least powerful" within the new paradigm [Hine 1977]. Indeed, to the extent that middle-range regional and transnational networks and forums emerge that are cutting across usual structures, the interactions distill in an evolutionary way an always imperfectly bounded network.

The new competencies that are going to be essential in this new world have not been fully documented yet, and there would be much disagreement in any discussion about what should be on any priority list. But one may draw a provisional list from the work of Donald Michael and Gareth Morgan [Michael 1980, 1988a, 1988b; Morgan 1988]. These new competencies would appear to fall into four general groups: contextual competencies, interpersonal and enactment skills, creating an effective corporate climate, and systems values. This last group is particularly important, it draws attention to the new ethic driven by interconnectedness and interdependence: "our values still emphasize rights and autonomy while the actual circumstances of life make imperative the acceptance of obligations and interdependence" [Michael 1988a]; this ethic is one
that forces a redefinition of leadership: away from leaders as generals to leaders as leaders of leaders - those removing obstacles that prevent followers from making creative and effective decisions themselves [O’Toole & Bennis 1992].

b. In order for the social system to adapt (i.e., to learn) as much and as fast as possible, some basic conditions must be realized: (1) the conversation between leaders and followers must be conducted with tact and civility and (2) within a context where the ethos is sufficiently rich and supportive to make possible the avventura comune. These are conditions for transversal leadership.

Tact would appear to be a very limited requirement for the conversation to yield social learning. Indeed, many have felt that it cannot be a sufficient condition. Yet, Gadamer (quoted by Kingwell) defines tact as "a particular sensitivity to situations, and how to behave in them, for which we cannot find any knowledge from general principles". This is a screening not at the level of the types of problems or issues to tackle, but at the level of the permissible arguments: it embodies the basic condition for the conversation to continue - a dual requirement of not saying just anything that comes to mind and of keeping a certain openness vis-à-vis the arguments of others [Kingwell 1995]

With regard to the sort of ’communautarian’ fabric likely to support a fruitful conversation, it is also difficult to establish precise conditions for its emergence. It may originate in various ways and be woven according to quite different logics. It is clear however that the conversation is much more fruitful in a ’contextualist’ world of multiplexed relations of mutual interdependence and caretaking, of group-oriented social relations. In a network society like Japan, the ’contextualist’ culture has been shown to facilitate greatly conversation and social learning on a large scale [Kumon 1992].

Leadership is the leavening force that is required to ensure effective social learning.

Effective leaders lead change by reflecting the values of their followers, after having done much listening. For effective leaders are principled but also pragmatic. They tend to bring their followers beyond their limits, but not unreasonably fast and not unreasonably beyond such limits. To be followers, team members must first respect their leader and be persuaded that their welfare is the objective of the leader. The burden of office for a leader is therefore first a requirement to listen and to "refine the public views in a way that transcends the surface noise of pettiness, contradiction and self-interest" [O’Toole 1995:10-12]. The leader must earn the trust of his followers by persuading them that he has their needs and aspirations at heart. The leader’s ability to lead, as O’Toole would put it, is a by-product of the trust he has earned by serving them [O’Toole 1995:28].

This transversal leadership cannot play itself out unless the leader and the followers develop a capacity to appreciate the limits imposed by mutual obligations. It pertains not to traditional functional top-down organization; it does not fit either with matrix form of organizations where vertical-functional and horizontal-process rapports are supposedly keeping one another in check.
Rather, in a transversal world, processes are dominating and the reaction to external challenges is for the different stakeholders to coalesce laterally to create informal links and multifunctional teams capable of promoting faster and more effective learning [Tarondeau and Wright 1995].

Transversality is built on a multifunctional esprit de corps that provides a most fertile ground for social learning. It is based on the existence of a social capital of trust, reasonableness and mutual understanding that facilitates the debates and generates a sort of basic pragmatic ethic likely to promote interaction and synergies among the many partners in the organization. Transversal leadership is based on the ligatures among functions effected by individuals or groups that have accepted to distributed nature of governance and are building on new modes of cross-functional coordination. While much of this new coordination is fuzzy and built on moral contracts, it must be clear that it represents the only effective way to guide the organization and nudge it in different directions [Putnam 1995].

What is at stake in leadership is "the ability to stay the course while "rocking the boat" to enhance organizational readiness and competitiveness in an unpredictable environment" [Vicere 1992]. This ability cannot be imparted effectively except through experiential and action learning.

5. Resistance to change

Leadership is first and foremost a moral issue. It is based fundamentally on a conversation between leader and followers in which the burden of office of the leader entails listening carefully and taking responsibility. In that sense, the leader is a servant. The official is "a person with duties and obligations, not merely an insatiable center of gigantic appetites, a person with things to do that may be the death of his private self, that may make the office seem less an opportunity than a burden. And sometimes, even without the aid of flaws, a tragic burden. In fact, if we do not understand the office and its burdens we may not understand about tragedy" [Tussman 1989:15].

The nature of the burden of office of the transversal leader is best illustrated by Jan Carlzon, the CEO of Scandinavian Airlines and author of Moments of Truth [Carlzon 1987]. When he had occasion to explain how he had chosen to empower his employees and to make them totally responsible for the fifty million "moments of truth" that occur annually when an employee of the company has a direct one-on-one contact with a customer, he was often asked how many of these "moments of truth" had gone sour. Carlson always readily confessed that there had been half a dozen serious instances of costly errors in approximately six years. When asked how the employees responsible for costly errors had been punished, he always answered "Punish them? Why should we have punished them when it was our fault? We believe the task of leaders ... is to articulate the values of the organization, to create a system in which people can be productive, and to explain the goals that the system was established to achieve... If we in top management had done those jobs properly... those few errors would not have occurred. That is why we went back to evaluate our own communication skills" [O'Toole 1995:59].
When a group is demoralized, when the junior officials have lost their trust in their leaders, as is the case in Canada now, we are faced with a form of *vertical solitude*. This phenomenon has been gauged very precisely through surveys in the case of the Canadian public service [Zussman and Jabes 1989], but the phenomenon goes much beyond the public service. However, in most cases, surveys reveal the lack of trust of citizens and junior officials in their leaders but the leaders are quite satisfied to ascribe such results to extraneous circumstances, to the flaws of their subordinates or to the ignorance of the citizenry.

Our experience suggests that there are systemic reasons that are at the roots of the lack of trust and of the political stalemate in Canada. These reasons fall in three general categories: the existence of a centralized mindset, the development of the adversarial syndrome and the burden of envy and resentment inherited from our egalitarian tradition of the last fifty years.

a. a centralized mindset

Over the last 125 years, circumstances have often endangered Canadian prosperity. Canada has had to learn ways and means to cope with these challenges in a manner that reconciled the geo-technical and socio-political constraints it operated under with the values, plans and idiosyncrasies its diverse population had chosen to prioritize at the time. An *habitus* has evolved: a system of habitualized dispositions and inclinations to use certain institutional devices or stratagems that appeared to do the job of reconciling all those constraints most effectively.

The *economic culture* that has evolved in this fashion has underpinned the governance of the Canadian economy over the last century and has been based, so Herschel Hardin would put it, on two fundamental elements: the extensive use of *public enterprise* and of *interregional redistribution* of the economic surplus [Hardin 1974]. These two root-stratagems have been used repeatedly from the very early days of the federation and one could chronicle their use at most stages in the evolution of the country during its first century.

Over the recent past, both these tenets of the Canadian *economic culture* have come under attack: there has been a massive disengagement by the federal government from its public enterprises, and the massive inter-regional redistribution of resources has been questioned. This has come about for many reasons. Disenchantment with guidance from the center has led to decentralization: many public enterprises have been privatized or have ceased to play a central policy role, and the weakening of the central government’s financial capacity has eroded its capacity for massive inter-regional transfers.

But this has in no way diminished the extraordinary propensity to centralize that has come to characterize Canada. This is not only a Canadian trait. It is a widely shared bias. Mitchel Resnick has analyzed the bizarre *travers* that explains that, in an era of decentralization in every domain, centralized thinking is remaining prevalent in our theories of knowledge, in our ways of analyzing problems, and in our search for policy responses."Politicians, managers and scientists are working with blinders on, focusing on centralized solutions even when decentralized approaches might be more appropriate, robust, or reliable" [Resnick 1994:36].
This centralized mindset would appear to be stronger in Canada than elsewhere and the strategies to immunize the traditional centralized mindset from challenges and erosion have been very sophisticated. These have gone through many phases. First there has been the denial posture. Using public spending patterns as benchmarks, many have argued that Canada is one of the most decentralized countries in the world. Whether spending at the sub-national level was commanded by conditional transfers, as it was in Canada, would appear to have been ignored. A second line of defense suggests that there cannot be more devolution because it might well balkanize the country, which would be disastrous [McCallum in McKenna 1995]. Migué has shown rather persuasively that it is centralization and not decentralization that is the source of balkanization in Canada [Migué 1994]. A third defense mechanism is that the glue that binds this country together is the egalitarian economic culture of redistribution: national standards are the "fabric" of this country so central control cannot be reduced; moreover the central government must retain the role of enforcer because of international agreements Canada is party to [Banting 1996; Leslie in McKenna 1995]. This would appear to be the Queen’s defense and we have shown elsewhere that it is not very potent [Paquet 1995]. A fourth argument is that decentralization is necessary but that it must be postponed until we have uncovered the "Canadian core values" that might be used in determining the nature, extent and character of the "acceptable" decentralization [Maxwell 1995].

These arguments are often mere sophistry when they are not explicit devices to slow down the process of change but they constitute in toto a most effective strategy to resist change, and this sort of strategy is explicitly propagated by those officials that have most to fear from massive decentralization.

b. the adversarial syndrome

The conflict between the centralized mindset of Canadian leaders and the forces unsderpinning the dispersive revolution has generated directly some resistance to change but it has also catalyzed the coalescence of a national adversarial system in Canada [Valaskakis 1990]. This regime has developed less as a mater of design than as a result of (1) adversarial relations becoming the modus operandi and the new underlying philosophy and (2) conflictive equilibria (situations where nothing can be resolved except by cooperation but collaboration appears extremely difficult if not impossible) in government-business-society relations, in the labour-management world, but also within each sector (private, public and social) as between large andf small firms, between the federal and provincial levels or between different environmental groups.

One should not unduly malign competition nor lionize excessively decision-making by consensus but it would appear that Canada is fractured by those re-enforcing adversarial systems tot he point that the Public Policy Forum has not hesitated in ascribing to those adversary systems much of the erosion of Canada’s competitiveness. The adversarial syndrome has undoubtedly been the source of some paralysis of Canada’s wealth-creation process as a result of the multiple stalemates it has engendered but it has also contributed significantly to the reduction of the surplus potentially available for redistribution.
This adversarial syndrome corresponds to the strong taste for competition in the Anglo-American space [Choate & Linger 1988] but it also echoes a profound social decapitalization that has been noticed by Putnam in North America [Putnam 1995, 1996]. The adversarial syndrome has thrived on this loss of civic engagement based on networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit, but it has also contributed to the process of social decapitalization to the extent that it has accelerated it.

To the extent that Hollingsworth [1993] is correct, this civic disengagement has triggered a weakening of the socio-cultural underground on which cooperation is built for firms, public or social organizations. It has also contaminated the core of basic values on which our socio-political architecette has been built. This explains the difficulties in generating the requisite processes to solve the new and challenging problems of coordination created by the new world of distributed governance.

c. egalitarianism, envy and resentment

A third general set of forces has contributed to generate a "climate of unresonableness" (Conrad Winn) and a socio-cultural underground that has proved more likely to generate division than cohesion. It has its roots in the promotion of egalitarianism as a foundational value and a democratic dogma in a world more and more segmented along ethnocultural lines. This has generated a heightened degree of tension and envy at the intercultural interface [Laurenbt and Paquet 1991].

The nature of these jalousies and the deep resentment created by the propaganda about egalitarianism in a world where differences are omnipresent have been suppressed but the profound public sentiment that one cannot be "equal and different" has prevailed and remains prevalent in all the recent interprovincial deliberations but also in all the constitutional forums generated around the country.

It may well be that nothing less than a new social contract built on the principle "different but united" can accommodate the requisite separateness, complementarities and hierarchies to reduce envy and contain violence. But we are still very far from being willing to confront head on the demons of egalitarianism and the social capital of envy and resentment that has been accumulated by effort top-down to force the acceptance of accommodations that would appear to attempt to square the circle of "equal and different". They have not only generated much social anomie but they are responsible for the failure of Meech and Charlottetown. Moreover, they still represent fundamental mental blocks to much of the needed discussion about the possibility of any viable asymmetric regime.

This has fueled much social decapitalization and reinforced the intransigence of egalitarians demanding a new centralization drive capable of ensuring the renewed necessary powers of redistribution to ensure standardization. While this may appear to some as utopian, unlikely and dysfunctional, the alternatives proposed to manage this intercultural interface (separatedness and encapsulation) would also appear unpalatable [Laurent and Paquet 1991: 177-8].
5. The long administrative route as a shortcut

The bells and whistles of constitutional conferencing usually overshadow the more pedestrian way of addressing difficult issues using the administrative state, i.e. the decisions of public officials. A most divisive and explosive issue like universality has been handled in this manner in Canada. Canadians knew well that addressing this issue frontally would be very destabilizing, so it was adroitly handled by the administrative state. Universality has all but disappeared and new arrangements have come to take its place without a major national confrontation.

Many of the real concerns (as opposed to the symbolic ones) over which the different parties agonize could be handled in this manner. Indeed, one may suggest that no less than 70% of what Charlottetown and Meech were trying to achieve could be accomplished through administrative re-arrangements. The Efficiency of the Federation initiative introduced late in 1993 and Program Review in 1994 were promising instrumentalities to effect much of that work. The minimal success of these initiatives up to now should not be interpreted as an indication of a congenital flaw in these processes. Their failures are ascribable much more to the centralized mindset of the government in power than to any other force [Paquet 1996, Paquet and Shepherd 1996].

a. Social Learning

Most of the highroad constitutional debates get bogged down in posturing, in negotiation through the media, in extraordinary intricate and unfortunate wording that prove cast in stone as soon as they hit the street, etc. This generates important learning disabilities. It is much less difficult to proceed through a major reframing of issues or to negotiate important compromises when one is not in Macy’s window. This is the reason why we have had such a long tradition of successes in using the administrative state route.

One may point to the social learning by all parties that has marked decades of negotiations by the Tax Structure Committee or by generations of anonymous committees of public officials that have been particularly effective at re-framing issues and have allowed the federation to evolve fast and most fruitfully over the last century.

Social learning may materialize in the constitutional debate. However there are reasons to feel most pessimistic for any group of malcontents may get the whole process to crash. This sort of exercise is probably incontournable in dealing with high profile symbolic issues, for no other channel can provide an easy resolution of disputes at this level. The ’distinct society’ conundrum is a good example of such issues. But for most of the substantive issues, the administrative route is much more promising because of its capacity to generate faster learning and its greater probability of being successful in re-framing issues. This road holds the promise of rapid progress while the constitutional route would appear paved with bad intentions.

b. Social Learning through Panic

There has been a slow but irreversible awakening to the new realities as a result of the October
30th referendum. This has triggered new thinking at the federal cabinet level if one is to believe the revelations made about the famous ‘master plan’ being elaborated by Marcel Massé and cohort which would call for a devolution of 25% or more of federal program activities in the very near future [Janigan and Fulton 1996]. But, given the schizophrenic mind of the federal cabinet on this front, time is of the essence. The panic effect may easily fade away and the original good intentions of Massé and cohort may be squashed and derailed by the not inconsiderable group of federal public officials that still adheres to the view that nothing would be more disastrous for Canada than Ottawa’s power being eroded.

Not all social learning is feed forward social learning. One may suspect that those most opposed to a transformation of the Canadian governance system also feel a sense of urgency. Their rearguard action will not take the form of counter-productive inflammatory denunciations of the devolution process under way. In all likelihood, it will take the form of a broad focus on alternative program delivery and a quality-service centred federalism. Such a strategy might be a genuine way out of the constitutional conundrum but it can equally well be a decoy and a thwarting maneuver designed to give the appearance of transformation of the federal governance without any substantial reduction of the federal hegemony. In this dark scenario, effuscaton would be increased: a multitude of federal special operating agencies and a focus on service quality might even succeed in getting Ottawa’s central agencies to increase their power base.

A more optimistic scenario of a rekindled administrative route to change in the governance system may on the other hand help the parallel work along the constitutional highroad. Such a scenario would call for a reframing of perspectives along the lines suggested by Burelle and others: a vision of Canada that would accept in principle to proceed comfortably toward decentralization à la Switzerland, a general philosophy of governance based on subsidiarity (i.e. a strong push toward the responsibilization of the citizen and a recognition that one may best attend to the needs for help that the citizen might have at the level closest to the citizen), a renewal of the notion of citizenship to replace the mentality of entitlement with a sense of mutual obligations, and a rethinking of the state away from its heavy top-down omnipresence toward a light-handed strategic state ensuring a more bottom-up and distributed governance[ Paquet 1994; Burelle 1995].

c. Toward a New Deal

If the federal ’master plan’ is to be effected at all, it must be effected very quickly. It would call for a rejuvenation of the Efficiency of the Federation Initiative and for a refurbishment of the Program Review. The explicit objective should be to accomplish by administrative negotiations, over the next six months, so much progress toward the re-allocation of responsibilities among the federal government, the provinces, the not-for-profit sector and the private sector, that it would be impossible for the crusaders on the high stage of constitutional talks not to acknowledge that there has been a reframing of the central issues.

Then one might be able to focus on some fundamentals that are for the moment drowned by the ideological harangues. These fundamentals are (1) the extraordinary interregional economic
interdependance that still exists in Canada and that one would not wish to destroy lightly [Helliwell and McCallum 1995], but also (2) the recognition that Canada is a fundamentally a "community of communities" much like Switzerland and that attempts to homogenize it unduly and to thrust national standards top down on these diverse communities can at best balkanize the country and at worst fracture it [Migué 1994].

Decentralization does not entail breaking the economic union or balkanizing the social union: it simply means forcing local and provincial governments to provide the level of services they can afford. If anything past efforts at centralization, by foisting forcefully onto provinces standards they could not afford, have in fact distorted prices, diminished provincial responsibility and prevented inter-regional adjustment flows of human and financial resources. Indeed with the deadweight impact of equalization payments, the provinces are put in an ignominious position: "the more inefficient the provinces are, the more they are compensated by the central authority" [Migué 1994:117].

7. Conclusion

There is no hope of our getting out of our present stalemate by putting all our efforts on the constitutional highroad. We must be ready to recognize that to cut through this mess our political pair of scissors needs two blades: one constitutional to deal with symbolic issues and another administrative to deal with substantive issues. Moreover, it is only when the second blade is sharp that the first blade can really come into play.

There has been much skepticism about the effectiveness of the administrative route among constitutional poets and other unpragmatic tribes. On the contrary, the public officials in Ottawa have feared that route from the very beginning; so much so, that they have successfully strategized to derail many genuine efforts to make good use of it [Paquet and Roy 1995; Paquet and Shepherd 1996].

The panic social learning triggered by the referendum results provide a unique window of opportunity to rekindle the administrative strategy before it gets encapsulated again by the forces of dynamic conservatism.
References


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