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**Constructing the Entrepreneurial City: 'Silicon Valley North' and
Ottawa's Local Mode of Governance 1988-2000.**

by
Chris Hunt, B.A (Hons), M.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of

Doctor of Philosophy

Department of Political Science
Carleton University
Ottawa, Ontario
11 May
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acceptance of the thesis

CONSTRUCTING THE ENTREPRENEURIAL CITY: 'SILICON VALLEY NORTH'
AND OTTAWA'S LOCAL MODE OF GOVERNANCE 1988-2000.

Submitted by CHRIS HUNT, B.A (Hons), M.A.
in partial fulfillment of the requirements for
the degree of Doctor of Philosophy

Chair

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Thesis Supervisor

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CARLETON UNIVERSITY
May 11, 2001.

Abstract.

This thesis argues that Political Science's traditional preoccupation with the nation-state as the primary unit of analysis obscures the way in which subnational spaces have come to constitute important sites of theoretical and empirical engagement. The present reordering of economic and political space associated with globalization has brought the 'local' into frame in the context of a relativization of geographical scale. The concept, local mode of governance, foregrounds how this 're-scaling' has been articulated with a structural transformation and strategic reorientation of the local state. More specifically, an examination into local state restructuring in Ottawa uncovers the tendential shift to an *entrepreneurial* local mode of governance, constructed around an export-orientated strategy of technopolis growth. This shift away from a passive, managerial paradigm of local governance has been mediated by an institutional decomposition, embodied in the proliferation of public-private partnerships and new organizations of meta-governance.

An examination into the reimagining of local economic space reveals a number of contradictions in Ottawa's local governance. Firstly, a series of elite cleavages has animated the construction of local economic development policy, culminating in a redesign of the institutional structure of governance at the end of the 1990s. Secondly, a wider politics of scale has implicated issues of accountability, representation and social polarization within this entrepreneurial local mode of governance. These issues point to a necessary rescripting of the entrepreneurial narrative of local state restructuring in order to reclaim a progressive space of the 'just city'.

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Chapter 1: Introduction: Constructing the Entrepreneurial City - Economic Development and the Local State in Ottawa.

1.0] Introduction.

The discipline of Political Science has traditionally wedded itself to the nation state as the primary unity of analysis, whether in the study of comparative politics, international relations or particular social formations. While in the Canadian context provincial states have received attention in their dynamic relationship to the central state within the federal system, by and large 'local' subnational spaces have tended to be under-played in analyses of socio-economic and political change. In the current period however, urban spaces have become important strategic coordinates in the rescaled geometry of capitalism, as globalization has reordered the spatial foundations of accumulation and regulation. This thesis seeks to specifically locate the theoretical and empirical importance of local political spaces in the contemporary period through an analysis of the structural transformation and strategic reorientation of the local state in Ottawa. The tendential shift to an entrepreneurial mode of governance, foregrounds the way in which a repositioning of 'Ottawa' as a competitive subject in the global economy has underwritten the recomposition of local political space.

The reimagining of Ottawa from Canada's national capital to 'Silicon Valley North', Canada's high-tech capital, sharply underlines the current reordering of the local. Dramatic growth in the high-technology sector has made Ottawa the fastest growing urban region in

Canada. This high-tech bubble has underwritten an industrial transformation in the local economy from 'sleepy government town' to the 'hotbed of innovation in Canada'. In the course of a over a decade Ottawa has remade itself as a place where the dynamic entrepreneurs of the new knowledge economy 'work hard, and play hard'. Ottawa's growing stature as a globally competitive node in the information economy was symbolically cemented in March 2001 by the opening of a direct air link between Ottawa and San Jose, California. The first flight brought a trade delegation to the world's premier technopole: Silicon Valley North meets Silicon Valley.

In addition, after decades of acrimonious debate, in January 2001 local residents on the Ontario side of the National Capital Region became subject to a new structure of local government with the amalgamation of eleven lower tier municipalities and the upper tier regional government into the new City of Ottawa. Amalgamation is seen by its supporters as providing a new found sense of political maturity for the region, a greater sense of cooperation and unity in the face of the complex and multidimensional challenges confronting urban regions in the 21st century. Since its inception however, the new City has locked horns with the province of Ontario over the apportioning of transition costs and infrastructure development that the new City urgently needs to maintain the buoyant local economy. At the same time that local politicians and business leaders are concerned with this economic infrastructure, other local actors are wondering what impact the lean service delivery model of the new City will have on the social service sector as Ottawa's existing social infrastructure struggles to cope with the growing levels of low income incidence and urban poverty. Local indignation has been further heightened by the furore over the level

of buy-outs for top officials of the former municipalities.

Current economic and political developments appear to belie the usually staid image that is often attributed to Canada's capital. Moreover, Ottawa is interesting not only as the seat of 'national' power, but precisely because it is emblematic of the current 'rescaling' of space and the enhanced importance attached to the 'local'.¹ The rescaled understanding of state restructuring used to examine urban politics in Ottawa, also marks a modest intervention in highlighting local spaces as important theoretical sites of engagement for Political Science.

1.1] Locating the 'Local' in Political Science.

The study of urban politics has traditionally been under-recognized within the discipline of Political Science in Canada.² For the most part, those that were interested in local political processes tended to focus on the narrow machinery of local government, municipal elections and formal inter-governmental relations. In part this reflects the role of local spaces as "bit players in someone else's drama".³ In the well worn phrase, municipalities are legislative

¹'Rescaling' is the term given to the recomposition of socio-economic and political process/structures across geographical scale. This concept will be developed in chapter two.

²J. Garber, "Frameworks of Inquiry: Local Government, Urban Politics and Social Movements" in T. Thomas (ed) *The Politics of the City: A Canadian Perspective* (Toronto: ITP Nelson, 1997), p. 34.

³C. Leo, "The State in the City: A Political Economy Perspective on Growth and Decay" in J. Lightbody (ed) *Canadian Metropolitcs: Governing Our Cities* (Toronto: Copp Clark Ltd, 1995), p. 28.

'creatures of the province'. Recent contributions in both Canadian Political Economy and Canadian Political Science have reinforced the privileging of national and provincial level of analyses at the expense of local/urban processes. In both *Understanding Canada: Building on the New Canadian Political Economy*, and *Canadian Politics in the 21st Century*, for example, the local state/cities are absent in contributions to these edited volumes.⁴ As Graham, Phillips and Maslove observe, however, the scholarship on urban politics in Canada while meagre has begun to grow in recent years.⁵ Indeed their contribution highlights an important attempt to conceptualize the local state, or in their framework, 'urban governance'. In an important sense this thesis is also about "bringing the state back into urban politics".⁶

Bringing the state into urban politics (and simultaneously bringing the 'urban' into Political Science) implies situating local socio-economic and political processes within a broader political economy framework. The narratives of globalization, and the fiscal crisis of the state, provide clear examples of how higher scaled processes become implicated within the local. Whether through provincial downloading of costs and responsibilities onto local municipalities, or through the construction of endogenous economic growth strategies

⁴See W. Clement (ed) *Understanding Canada: Building on the New Canadian Political Economy* (Montreal and Kingston: McGill-Queens University Press, 1997); and M. Whittington and G. Williams (eds) *Canadian Politics in the 21st Century* (Scarborough: Nelson Thomson Learning, 2000).

⁵K. Graham, S. Phillips and A. Maslove, *Urban Governance in Canada: Representation, Resources and Restructuring* (Toronto: Harcourt Brace, 1998). See also K. Gerecke "Thinking About the Canadian City" in K. Gerecke (ed) *The Canadian City* (Montreal: Black Rose Books, 1991), p. 1-8.

⁶A. Jonas and D. Wilson, "The City as a Growth Machine: critical Perspectives Two Decades later" in A. Jonas and D. Wilson (eds) *The Urban Growth Machine: Critical Perspectives Two Decades Later* (Albany: State University of New York Press, 1999), p. 14.

more in tune with global imperatives, local space is articulated within a relational network of geographical scale. Moreover, foregrounding the relative position of the local within the geography of capitalism overcomes a traditional 'spatial fetishism' associated with the privileging of the national scale as the preeminent level of analysis. As Mahon observes, in relation to the contributions of the New Canadian Political Economy (NCPE):

from the standpoint of the horizons of political action, the NCPE tended to emphasize the centrality of the national (or provincial) state. In Canada as elsewhere the political map is becoming more complex. Regions, both sub-provincial and continental, seem to be gaining a new importance. This does not mean that national and provincial state are no longer important sites, but they need to be located in the changing hierarchy of nested locales.⁷

In this regard the thesis represents a contribution to bridging this empirical and theoretical gap in the literature identified by Mahon. Moreover, it is within this 'changing hierarchy of nested locales' that a strategic and structural transformation of the local state takes place in Ottawa.

1.2] The Case Study: Ottawa.

In drawing mainly from official policy documents and pronouncements, Council minutes, local business magazines and newspapers, this thesis reframes the official narrative of local state restructuring within a broader critical political economy framework. This

⁷R. Mahon, "The 'New' Canadian Political Economy Revisited: Production, Space, Identity" in Jenson, Mahon and Bienefeld (eds) *Production, Space, Identity*, p. 17.

methodological approach situates local politics within a scalar matrix of state restructuring, and therefore highlights the relationship between the extra-local parameters which bear down on local actors and the space that these actors themselves create in the process of formulating local policy. With the transformation in Canada's industrial structure associated with the shift to the new knowledge economy, together with the restructuring of the Canadian state embodied in downsizing/devolution and NAFTA, the material and discursive imprints of globalization are rewriting urban spaces.

The development of Ottawa's 'Silicon Valley North', represents one key element of a wider economic restructuring as a result of the crisis of capitalist profitability in the 1970s. The creation of 'new industrial districts', highly dense localized networks and clusters of firms, underlines this transformation in the nature of capital accumulation. This restructuring of economic space associated with high-tech enclaves and highly specialized local economic niches has been accompanied by a recomposition of political governance. At the local level, this is embodied in the construction of local economic development strategies designed to facilitate the growth of these new industrial spaces and position them in an increasingly globalized economic environment. The development of Ottawa's high-tech growth pole therefore, has been accompanied by a more interventionist local state vis-à-vis economic development. Drawing from the Canadian experience, Andrew, Houle and Thériault observe that:

[e]conomic development strategies are currently being developed at the local level in a more forceful way than during the centralizing period of the 1960s and 1970s. The recession of the early 1980s and the inability of federal and provincial governments to play a role in the restructuring of the economy

pushed local governments to become more active. Economic development officers were hired by municipalities. They set up programs and administrative units and gave more importance to the establishing of economic development strategies.⁸

The emergence of an entrepreneurial local mode of governance in Ottawa can be seen as a broader process in which local spaces have become more decidedly proactive in relation to economic development.

Reframing the local state through the conceptual lens of the 'entrepreneurial mode of governance' highlights both the reimagining of Ottawa around technopolis growth and the nature of social relations underwriting this restructured urban governance. Between 1988 and 2000, the construction of economic development policy in Ottawa was, for the most part, dominated by a narrow range of political and economic elites. Towards the end of the decade however, a chorus of voices began to articulate claims around issues of social polarization and the visibility of urban poverty. These wider social claims have become institutionalized within Ottawa's entrepreneurial governance structure through specific policy initiatives such as *Partners for Jobs* - a community-based labour force development strategy.

The relationship between the space created within the local state for social claims around economic development, and the dominant narrative of an export-driven entrepreneurial accumulation strategy is ambiguous. While it is too soon fully to conclude

⁸C. Andrew, F. Houle and J. Thériault, "New Local Actors: High Technology Development and the Recomposition of Social Action" in J. Jenson, R. Mahon, and M. Bienefeld (eds) *Production, Space, Identity: Political Economy Faces the 21st Century* (Toronto: Canadian Scholars Press Inc, 1993), p. 341.

whether such efforts represent a genuine participatory and inclusive mode of governance or a successful 'dissociation' of 'real' economic development from other spheres of local politics, this thesis asserts that the narrative of entrepreneurialism must be interrogated and rescripted if the city as a progressive space has any meaning.

The existing entrepreneurial narrative is rendered more plausible of course by its apparent success. At present Ottawa region enjoys the highest economic growth rate of any urban region in Canada. High level demand from the United States for telecommunications equipment, fibre optics and software has contributed to a growth rate of 6.6% in 2000.⁹ The boom in Ottawa's high-tech sector has also fuelled a construction frenzy with the rapid expansion of high-tech business and research parks, and campuses, as well as residential property development.¹⁰ Figure 1.1 provides a comparison of future growth projections in major urban areas across Canada.¹¹

At a recent 'breakfast event' hosted by the *Ottawa Business Journal* and the Ottawa Economic Development Corporation (OED), the high-tech future of Ottawa was loudly proclaimed with a projection of 400,000 employed in the sector by 2030, generating one million in spin off employment for the urban region. According to Brian Barge, president of OED, "[o]ver the next thirty years, Ottawa will continue to grow at 'internet' speed as we continue to see start-ups establish themselves and continue the spirit of entrepreneurship that

⁹*Ottawa Business Journal*, "Diversification is key to Ottawa's Success" www.ottawabusinessjournal.com August 8 (2000).

¹⁰C. Guly, "Boom exceeds 'wildest dream'" *Ottawa Citizen Online* www.ottawacitizen.com June 1 (2000).

¹¹OED, *Ottawa Facts* (www.ottawaregion.com: 2000)

has fuelled our remarkable growth over the past five years”.¹²

Figure 1.1: Projected Urban Growth in Canada.

Ironically, just as the region's high-tech players and political elites were heralding Ottawa's seemingly infinite growth potential the high-tech bubble began to show signs of bursting. With an economic slowdown or even recession predicted in the United States, the share

¹²OED, "Ottawa 2030: A Vision of Ottawa's High Tech Future" *News* (www.ottawaregion.com: May 3, 2000).

prices of local high-tech stocks have fallen dramatically and many local firms have begun to announce job cuts. The local business community remains however, cautiously optimistic that the region can manage any significant setbacks, and indeed, that the current economic environment may weed-out any weaker firms and allow the economically sound ones to survive. Nevertheless, in a local economy more porous to international fluctuations in the economic climate, any significant downturn in the high-tech sector will no doubt have a large impact.

Business cycle fluctuations will also make more visible the gap in experiences of the entrepreneurial city between the narrow segment of economic and political elites who construct the accumulation strategy, and the rest of the population who remain outside. Abele *et al* observe that despite the prosperous times in Ottawa, there is a "growing population of people who are unemployed, out of the labour market entirely, and/or coping with extraordinary pressures because of the absence of assistance (such as home-care and various support services)".¹³

Research into Ottawa's story of economic and political restructuring has been rather meagre up until this point. Graham, Phillips and Maslove offer various vignettes of this story in their overview of urban governance in Canada. A Diversification Working Group from Carleton University released a slightly more comprehensive overview of the region, entitled *Diversification for Human Well Being: Challenges and Opportunities in the National*

¹³F. Abele, K. Graham, and A. Ker, "The Capital Paradox: Institutional Barriers to Social and Economic Well Being in Canada's Capital" in E. Jackson and K. Graham (eds) *Diversification for Human Well Being*, p. 35.

Capital Region.¹⁴ The region's other main university, the University of Ottawa has recently embarked on a major study of high-tech development in Ottawa. Located with the new Centre on Governance, the study is a three year, \$450,000 project to compare Silicon Valley, Glasgow and Ottawa in terms of the underlying success factors in each case. One year into the project, the study has identified cooperation and collaboration as fundamental to the success of any high-tech milieu.

The most comprehensive research into the development of Ottawa's high-tech sector has been a recent PhD dissertation from the School of Public Administration, Carleton University.¹⁵ The author, Jeff Roy compared Ottawa with the Kitchener-Waterloo-Cambridge high-tech growth pole to order to assess an emerging 'local governance system' in both regions. Located within a policy framework, the thesis evaluated each region in terms of a 'strategic localism'.

This thesis deals with many of the same themes articulated by these studies particularly those pertaining to 'governance'. A different theoretical framework is employed to conceptualize this local governance, however. Spatializing Marxist state theory allows one to uncover the particular scalar quality of Ottawa's local mode of governance. That is to say, the way in which the local state is nested within a rescaled state matrix is foregrounded. This approach also recognizes that the local state is both a strategic site for

¹⁴E. Jackson and K. Graham eds (1999) *Diversification for Human Well Being: Challenges and Opportunities in the National Capital Region* (Ottawa: Centre for the Study of Training, Investment and Economic Restructuring, Carleton University, 1999).

¹⁵J. Roy, *Government and Governance in High-technology Localities: Ottawa-Carleton and Canada's Technology Triangle*, (Ottawa: PhD thesis, School of Public Administration, Carleton University, 1999).

the generation of accumulation strategies and a locus for social contestation around these economic strategies. The state as a socio-spatial relation implies that these local struggles around economic development policy and urban politics more generally are implicated in the construction of the 'local' scale itself.

Defining the 'city', and hence the unit of analysis for this thesis, presents an interesting methodological issue. As a functional economic area 'Ottawa' is an "awkward entity".¹⁶ Up until January 1st 2001, sixteen lower tier municipalities, two upper tier regional governments, two provinces and the federal government claimed jurisdiction in some form or another over this urban region variously known as the National Capital Region, or the Ottawa-Outaouais.¹⁷ For the purposes of this thesis however, the narrative of state restructuring and strategic orientation towards economic development is confined primarily to the Region of Ottawa-Carleton [figure 1.2].¹⁸

The analytical focus on Ottawa-Carleton rests on the basis that the overwhelming majority of the region's technopolis growth is located on the Ontario side of the wider economic region. The repositioning of Ottawa as a high-tech milieu in the global economy

¹⁶H. Lithwick, *Economic Development in Ottawa-Carleton: Research Study No 4 for the Ottawa-Carleton Regional Review*, (Ottawa: Centre for Policy and Program Assessment, Carleton University, 1988), p. 7.

¹⁷With the amalgamation on the Ontario side, the picture has become somewhat less messy. Moreover, in a recent announcement, the Quebec government declared that it too will restructure local government. In practical terms this means that by 2002 the Ottawa-Outaouais urban region will be presided over by only two local governments - the City of Ottawa and a new structure provisionally termed the City of Hull-Gatineau.

¹⁸Although the RMOC no longer exists, all of the research and much of the writing of this thesis took place prior to the new City of Ottawa coming into being. For this reason the RMOC will be referred in the present tense.

has therefore been chiefly informed by the tendential shift to entrepreneurialism on the part of the local state in Ottawa-Carleton.

Figure 1.2: The Region of Ottawa-Carleton.

Bounded politically by the Regional Municipality of Ottawa-Carleton (RMOC), and constituted by eleven lower tier area governments, this largely urban region comprises a population of over 700,000 of which the largest proportion are located in the municipalities of Ottawa, Nepean and Gloucester.

The population of the wider National Capital Region is over one million. Although outside the analytical parameters of this thesis, the Outaouais will be included where necessary to invite comparison with Ottawa-Carleton. This comparison will highlight how the Outaouais as part of a wider urban economic region has paralleled developments on the Ontario side, and how the Quebec region is set apart from Ottawa-Carleton. Since the early 1990s a reprioritization of the local state towards economic development has also occurred in the Outaouais. This entrepreneurial shift has been narrated alongside local state restructuring in Ottawa-Carleton reflecting the functional integration of the urban region as a whole. Both sides have shared concerns over federal government downsizing, and have cooperated in joint marketing efforts to diversify the regional economy away from the public sector. The constitutional uncertainty of Quebec, however, together with a mild form of intra-regional competition manifested in lower costs of investment and tax breaks for firms locating in the Outaouais, highlight the way in which the Outaouais's entrepreneurial shift is positioned against developments on the Ontario side. Local Outaouais officials have also expressed concerns over what amalgamation into the new City of Ottawa might mean for the relative position of the Outaouais in the region.

1.3] Outline of the Thesis.

The salience of 'place-based' processes within the global geography of capitalism informs a spatialized reconstruction of Marxist state theory in order to delineate the contemporary trajectory of the local state. Chapter two will provide the conceptual foundations for this

reconceptualization through an engagement with theoretical notions of 'space' and 'scale'. Motivated by the proliferation of globalization studies, the restructuring of the circuits of capital, both temporarily and across geographical axes, invites consideration of the relationship between the 'global' and the 'local'. Drawing from critical geographer Neil Brenner's notion of spatial scale, the concept of 'rescaling' will be introduced to illustrate both the deterritorialization and the reterritorialization of capital as dialectically linked moments in the time-space configuration of capitalism.

This spatial dialectic has been reconfigured since the 1970s with the crisis of Fordism, the internationalization/globalization of trade, production and finance and the emergence of new industrial spaces. Spatial scale has become 'relativized' with the deprivileging of the national scale as both a material and discursive container of social processes. This relativization of geographic scale is embodied in the metaphors 'glocalization' and 'glurbanization' both of which articulate the local and urban scale with higher scaled spatial processes. The chapter concludes by situating the 'city' as an urban concentration of economic activity within a rescaled matrix of capital accumulation. In this manner the 'urban' or 'local' has come into frame as an increasingly important site for the mediation of globalization.

In chapter three this theme of rescaling is applied to Marxist state theory. The 'state' as a condensation of social relations has become similarly reordered across geographic scale. Embodied in Bob Jessop's hollowing-out metaphor, political space is recomposed both functionally and structurally across subnational, national and global scales. It is those processes at the local or urban level which provide the point of departure for an examination

of Ottawa. The rescaled geometry of the state in general has led to the reconstruction of the local state as an increasingly important site in the maintenance and regulation of surplus-value extraction in the sphere of capitalist production.

This unmediated intervention by the local state is captured by what is termed 'entrepreneurialism'. The entrepreneurial 'local mode of governance' is employed to highlight the tendential shift of the local state towards an economic strategy of global competitiveness vis-à-vis other localities. Governance signifies that power relations within the state have become increasingly horizontal in nature with the boundaries between local government (as a smaller bundle of formal institutions), and civil society progressively cross-cut by public-private partnerships.

Coordinating economic development in this entrepreneurial mode of governance, a metabroker attempts to secure a degree of structured coherence in order to achieve the successful reproduction of capital at the local level. The struggle to create this coherence implicates a 'politics of scale' in and around the entrepreneurial local state. The lineaments of this politics include struggles over representation with the local economic development policy milieu, as well as the formal restructuring of local government boundaries. This politics of scale affords an analytical window into the relationship between local economic development and the wider purview of urban politics. In Gramscian terms, this is captured in the relationship between accumulation strategies and hegemonic projects. In this manner it is possible to think of the construction of the entrepreneurial city as part of a broader local state project designed to define the nature of the constellation of class and social relations articulated at the local level. Hegemonic projects therefore attempt to create consensus often

through the inclusion of some groups, and the exclusion of others. These projects also cohere with non-economic objectives, such that at the local level for example, entrepreneurial strategies of economic development are often linked to a conservative social agenda.

In the subsequent chapters this rescaling of the state in general, and the local state in particular are concretized in an analysis of Ottawa's entrepreneurial mode of governance. The case of Ottawa proves compelling for a number of reasons. Firstly, since 1988 and the publication of the Bartlett Report calling for a greater role for the RMOC in economic development, the region has clearly attempted to reposition itself vis-à-vis the global economy via the construction of an export-led endogenous accumulation strategy.¹⁹ This repositioning, both material and discursive, has been underwritten by the strategic reorientation and structural transformation of the local state. Secondly, an examination of this local state transformation reveals how this entrepreneurialism has been mediated by a number of contradictions and ambiguities which underscore state restructuring as an always incomplete and socially contested process.

Chapter four highlights the beginnings of the entrepreneurial shift in the late eighties and early nineties. In this period a growing consensus within business and local government alike emerged around the idea that the region needed to develop greater leadership in relation to economic development. The slowdown in the growth of the high-tech sector, coupled with federal government downsizing and decentralization, gave rise to a narrative of crisis

¹⁹D. Bartlett, *Functions and Finances: Phase Two Report* (Ottawa: Ottawa-Carleton Regional Review, 1988).

which in turn shaped the formulation of a strategy for diversification of the region. The passive, property-led developmentalism and collective consumption concerns characteristic of an early era gave way to a proactive, export-oriented accumulation strategy. This accumulation strategy was articulated in the key 1992 document, *Partners for the Future*. The extra-local forces shaping these actions underlines the way in which higher spatial scales are embedded in any given local mode of governance. Chapter four therefore contextualizes the construction of an endogenous accumulation strategy within a rescaled Canadian state.

Thus, corresponding with trends in other localities across Canada, the local state in Ottawa has become more interested in economic development, understood as increasing Ottawa's technologically competitive stature in the global economy. Yet the actual formation and implementation of this policy is carried out by quasi nongovernmental organizations in an environment characterized by networks of partnerships and collaborative endeavours between municipal, provincial and federal levels of government, nongovernmental organizations and private stakeholders. Central to the construction of Ottawa's high-tech growth strategy has been the role played by firstly OED and more recently The Ottawa Partnership (TOP). As third party 'civic collaborators' these organizations attempt to ensure the coherence of the local economic development strategy.²⁰ As Jessop writes, these organizations are concerned to "limit competition within the region (structured coherence) through market-oriented cooperation as the basis for effective

²⁰M. Rodrigue, "Co-operation key to tech prosperity: Chaiton" *Ottawa Business Journal* www.ottawabusinessjournal.com February 5 (2001).

competition beyond the relevant spatial scale”.²¹

The evolution of Ottawa’s economic development strategy throughout the decade of the 1990s and the role of institutions of meta-governance informs chapter five. Various economic policy actions underscore the functional transformation in the local state from a managerial paradigm of governance to a more overtly entrepreneurial outlook. A series of cleavages however, fractured the coherence of this strategy coordinated by the RMOC appointed metabroker, the Ottawa Economic Development Corporation. This mainly elite-based politics of scale culminated in the reevaluation and reformulation of the economic development strategy. An institutional redesign of governance was completed in 1999 with the establishment of TOP.²²

In the most recent iteration of Ottawa’s accumulation strategy, TOP’s vision document *Choosing a Future* points to the goal of an ‘Innovation Economy’ structured around a cluster-based strategy.²³ It is through key documents such as this and the earlier *Partners for the Future*, that the narrative of entrepreneurialism is discursively constructed.²⁴ In the process of this formation, an imagined spatial unit is married with an imagined

²¹B. Jessop, “The Crisis of the National Spatio-Temporal Fix and the Tendentia Ecological Dominance of Globalizing Capitalism” *International Journal of Urban and Regional Research* 24/2 (2000), p. 345.

²²The amalgamated City of Ottawa’s new service delivery model of economic development reinforces this reconfiguration of economic governance.

²³ICF, *Choosing a Future: A New Economic Vision for Ottawa* (Ottawa: report prepared for The Ottawa Partnership, 2000), p. 3.

²⁴Ottawa-Carleton Economic Development Task Force *Partners for the Future: A Strategic Economic Vision for Ottawa-Carleton* (Ottawa: a report prepared for the RMOC, 1992).

community of interests. In other words, 'Ottawa' itself is constructed as both an object of governance and as a subject in the global economy. Moreover, the narrative is portrayed as, at best, highly beneficial for all residents, and at worst benign. In addition, in framing Ottawa as a globally competitive high-tech growth pole, the continued presence of the federal government as a major employer in the region, together with other sectors of the local economy are underplayed and rendered invisible in this entrepreneurial narrative.

Chapter six goes beyond the narrow elite fissures that characterized the local state for the most part, to examine a broader politics of scale which began to intersect with local economic development policy towards the end of the decade. The hotly contested debate over municipal restructuring proves emblematic in this regard. Underpinning arguments for the creation of a uni-city of Ottawa lay not only questions of efficiency gains and lower taxes, but of the fundamental role of urban spaces as conduits for economic growth in the rescaled geography of contemporary capitalism. An entrepreneurial strategy of globally oriented competitiveness would better succeed, so it was argued, if the region could put present one face to the world.

The issues of accountability and representation within the entrepreneurial city are also examined in chapter six. As the community at large became increasingly concerned with issues of social polarization and the growing levels of poverty in the region, a concomitant call for greater inclusiveness in economic development circles was heard. Directed more at the higher scaled processes of federal and provincial downsizing and downloading, a politics of consumption around the restructuring of the Keynesian Welfare State intersected with economic development. To alleviate poverty and unemployment a

labour force development strategy was formulated with broad participation from the community. *Partners for Jobs* embodied this wider stakeholder involvement in formulating and implementing local economic development.

Policies such as *Partners for Jobs*, which have created an institutional space within the entrepreneurial local mode of governance for a broader cross section of the local population, are in their infancy. It is not clear therefore whether this new community involvement represents an empowered, inclusive localism, or the continuation of a narrowly defined local economic policy agenda. It may even represent a nascent urban 'third way' to use Roger Keil's term.²⁵ This third way embodies a compromise between a neoliberal and progressive form of urbanism coalescing around a new constellation of interests and coalitions of social groups in the city.

The concluding chapter takes up this notion of an urban 'third way' to argue that a rescripting of the entrepreneurial narrative is essential if progressive forces are to reclaim the city and urban politics from the apparent hegemony of pro-growth forces. This reclamation responds to what is variously described as the crisis of social cohesion in the city, a lack of social sustainability, the revanchist city and a new urban authoritarianism. In this regard it is important to hold a certain degree of healthy skepticism about claims of broad community participation in the entrepreneurial city. It is equally important not to foreclose any imagination as to what constitutes the 'just' city. The increasing diversity of Ottawa as a complex urban region underlines the need to create equally heterogenous spaces

²⁵R. Keil, "Going Local: The Left in the Post-National City" paper presented to the conference, *The Left in a Post-it World* (Carleton University, Ottawa: March 10-11, 2000).

at the level of urban politics. The entrepreneurial narrative arguably does not provide the requisite space for the construction these diverse, democratic spaces.

While the thesis ends with this claim for a 'progressive politics' a fuller treatment of urban social movements, community politics and their relationship to the local state is beyond the scope of this thesis. What this thesis seeks primarily to establish is the relationship between the recomposition of political space and economic development in Ottawa. In using the entrepreneurial mode of governance as a conceptual window into the local state, the increasing importance of the local state as a strategic regulatory coordinate of capital accumulation is foregrounded.

Chapter Two: Globalization, Place and Industrial Restructuring.

2.0] Introduction.

Fundamental to the economic stability of any *region* is a positive climate for business and the entrepreneur. We have created *world class* models for the development of entrepreneurs and for development of business financing. We have turned the corner on how Canadian and *global businesses* view our region. Ottawa has a culture of *global competitiveness* and 'best breed' in products, companies, people and investment.¹

This quotation, taken from the 1997 annual report of the Ottawa-Carleton Economic Development Corporation (OED), illustrates a number of important themes seen through the present thesis. It highlights the development of a new economic space in the Ottawa region around globally competitive firms, the concomitant efforts on the part of local actors actively to facilitate this industrial restructuring, and the re-imaging of Ottawa as a 'great place' to do business in the new knowledge economy. The references to 'global competitiveness', 'world class' and 'global business' also illustrate the degree to which *globalization* has come to frame policy discourse at the local level. Globalization thus provides the narrative within which the repositioning of Ottawa's economy takes place. This, now widely held view of the contemporary era, posits globalization as an "interconnected set of economic and cultural processes operating at global scale with an inevitable, inexorable and ultimately

¹OCEDCO, *Annual Report: Partnerships for Global Opportunities* (Ottawa, 1997), p. 2; [emphasis added].

benign logic".² In making reference to the 'global', economic development officials and other social actors become however, directly implicated in the very construction of globalization as an idea framing the reality of the present era. The rhetoric of globalization therefore becomes employed to justify particular policies of economic restructuring and associated political strategies, where "[t]he plausible is made to seem natural; the unpleasant necessary".³

This chapter examines the 'globalization problematic' in order to highlight issues relevant in laying the conceptual groundwork for this thesis.⁴ The first section provides an overview of the way in which globalization has come to frame contemporary social processes. Section 2.2 argues that globalization and the geographical reconfiguration of capital accumulation force us to engage theoretically with conceptual notions of 'space' and geographical 'scale'. Moreover, globalization is also implicated in the generalized crisis of the capitalist accumulation process since the early 1970s, both in terms of the origins of the crisis of the 'Fordist' techno-economic paradigm, and as its direct product. This crisis of the capitalist mode of production and the economic restructuring it has engendered has

²P. Kelly, "The geographies and politics of globalization" *Political Geography* 21/3 (1999), p. 383.

³*Ibid*, p. 384.

⁴While I acknowledge that globalization is a heterogenous and plural process, this chapter focusses primarily on globalization as it relates to the spatial reordering of capitalist social relations and its implications for local spaces and state strategies. The discussion of the globalization is therefore not intended to be exhaustive. For alternative conceptualizations of globalization see A. Appadurai, "Disjuncture and Difference in the Global Cultural Economy" *Theory, Culture and Society* 7 (1990), p. 295-310; and R. Robertson, *Globalization: Social Theory and Global Culture* (London: Sage Publications, 1992). These analyses, for example, foreground the relationship between global processes and culture.

inaugured a new geographical scaffolding, one which embodies the 'relativization of spatial scale'.

The relativization of national economic space brings into focus the economic and political restructuring of localities and urban regions as conduits of globalization. As the quotation which began this section indicated, it is the *Ottawa region* which is being positioned vis-à-vis the global. Indeed, a central contention of this thesis is that globalization is not an all-encompassing homogenizing force obliterating local socio-political and cultural differences. 'Place-based' processes continue to be of key significance to the expanded reproduction of capitalist social relations. Arguably, the relative importance of local sites of economic activity and urban space has increased. The final two sections of this chapter deal with these new industrial spaces and global(izing) cities respectively.

2.1] The globalization problematic.

It has become somewhat of a cliché in recent years to posit a sea-change in the multi-dimensional structures and processes underpinning the social world, and to begin any discussion related to this new reality with an examination of 'globalization'. In general terms globalization involves the intensification and acceleration of global flows across national borders. These flows include "capital, money, goods, services, people, information, technologies, policies, ideas, images and regulations".⁵ A plethora of themes and issues are

⁵S. Lash and J. Urry, *The Economies of Signs and Spaces* (London: Sage Publications, 1994), p. 280.

bound up within this ubiquitous concept ranging from: the changing forms of industrial organization; growth of virtual cyber-networks; urban and regional restructuring; the rearticulation between the state and civil society; the reconfiguration of identities constructed around citizenship claims, democracy, and nationalism; to the growing importance of transnational institutions of governance such as the WTO and IMF.

This 'globalization fever'⁶ is giving rise to a new conceptual lens through which to understand the social world, one where traditional disciplinary boundaries have become increasingly porous to cross-fertilization.⁷ Moreover, 'globalization' has itself become a distinct object of knowledge and theoretical inquiry. While globalization studies may be traversing once rigid boundaries, there is clearly very little theoretical consensus among globalization researchers.⁸ Following Kelly we can juxtapose the dominant version of globalization which embraces an excited talk of a 'borderless world' with that of various counter-discourses of globalization.⁹

The first image of globalization sees a world economy of highly integrated global production, twenty four hour financial trading and instant communication. Marx's aphorism, the 'annihilation of space by time' is given its fullest expression in this version of

⁶Kelly, "The geographies and politics of globalization".

⁷This new conceptual lens is reinforced by new technologies of knowledge such as that associated with the internet, email and english as the global *lingua franca*.

⁸N. Brenner, "Beyond state-centrism? Space, Territoriality, and Geographical Scale in Globalization Studies" *Theory and Society*, 28/1 (1999), p. 39.

⁹Kelly "The geographies and politics of globalization"; for additional summaries of the globalization debate see the edited volumes by J. Eade (ed), *Living in the Global: Globalization as Local Process* (London: Routledge, 1997); and K. Cox (ed), *Spaces of Globalization: Reasserting the Power of the Local* (NY: Guilford Press, 1997).

globalization, where the high speed geography of production, exchange and consumption produce an "incredible shrinking world".¹⁰ The president of Ottawa's flagship high-tech company, Nortel Networks, underlined this global integration of capitalist production in a presentation to the international *Technopolis '97* conference held in Ottawa. Commenting on the recent development of a particular microchip, Gedas Sakus observed that:

[t]he specifications for the chip were developed by Nortel's European Transmission Lab in Ireland. The design was completed in India. Fabrication occurred in California. Packaging was handled in Malaysia. And final test and system integration were conducted back in Ireland before the product was shipped to a lead customer in New Zealand. By linking our R&D resources to Nortel experts in their respective fields from around the world, we were able to significantly shorten the time-to-market of this project.¹¹

Globally, Nortel employs 70,000 people in 250 locations, and has 39 R&D labs in 17 countries. Sakus also noted that many of Nortel's employees participate in teleworking via a HOMEbase programme. Work itself is therefore restructured by technological change and the internet. The 'global assembly line', 'global lab' and 'virtual work' imagery all serve to emphasise the apparent deterritorialization or disembedding of economic and social structures/processes from their national territorial moorings.¹²

This literature represented by Kenchi Ohmae's borderless world thesis, Robert

¹⁰S. Kirsch "The Incredible shrinking world? Technology and the production of space" *Environment and Planning D: Society and Space* 13 (1995), p. 529.

¹¹G. Sakus, "Notes for remarks by Gedas, S. President, Technology, Nortel" presented to conference, *Technopolis '97*, (Ottawa: September 11, 1997), p. 5.

¹²N. Brenner, "Globalisation as Reterritorialisation: the Re-scaling of Urban Governance in the European Union" *Urban Studies* 36/3 (1999), p. 431.

Reich's *Work of Nations* and prevalent in many policy circles, suggests that the 'national' may no longer be relevant as a coherent unit of economic space, and that the national territorial state is either no longer able to manage economic processes within its formal jurisdiction, or that this ability is at least severely circumscribed.¹³ This orthodox construction of globalization is also conflated with the hegemony of neo-liberalization, in that globalization is intimately tied to the dominance of a global market logic. Economic policies, and political projects thus become situated within a global market imperative.¹⁴

Challenges to this orthodox version of globalization come in a variety of forms. Some dispute the alleged 'facts' surrounding globalization. Strong versions of this critique tend to dismiss globalization as 'globethink', 'globalony' or 'globabble'. More nuanced arguments along similar lines take issue with treating globalization as a qualitatively new phenomenon.¹⁵ These authors suggest that the explosive growth of globalized trade is not necessarily novel, and that most trade still takes place within and between firms that

¹³See K. Ohmae, *The End of the Nation State: The Rise of Regional Economies* (NY: Free Press, 1995); K. Ohmae, *The Borderless World* (NY: Harper Business, 1990); and R. Reich, *The Work of Nations* (NY: Alfred Knopf, 1991).

¹⁴Generally speaking this increasing detachment of social relations from 'place' is treated in a benign fashion, although as recent events such as the proliferation of ethno-nationalism, the Asian currency crisis, the WTO riots in Seattle demonstrate, a "turbulent and disorderly global space" may well be a more apt description of globalization. See A. Herod, G. Otuathail, and S. Roberts (eds), *an Unruly World? Globalization, Governance and Geography* (London: Routledge, 1998), on the contradictory and unruly problematics at the end of the millennium.

¹⁵A. Glyn and B. Sutcliffe, "Global but leaderless? The New Capitalist Order" *Socialist Register* (1994) p. 76-95; D. Gordon "The Global Economy: New Edifice or Crumbling Foundations?" *New Left Review* 168 (1988), p. 24-64; P. Hirst and G. Thompson, *Globalization in Question* (Cambridge: Polity Press, 1996).

continue to be embedded within either nation states or trade blocs.¹⁶ Therefore the death of the nation state is said to be greatly exaggerated.

While these authors are correct to highlight the fact that globalization is not a process where capital escapes the state as if there exists, to borrow Panitch's phrase, a "hyper-space"¹⁷ beyond the territorial state in which capital roams free, they tend to present the debate in either/or terms - either the nation state or globalization. As we shall see in the following chapter a more adequate conceptualization of the relationship between the state and globalization is one which treats the state as a generic form of governance which is rearticulated across different spatial scales.¹⁸ Such an approach avoids conflating the nation state with the 'state' as a locus of political power.

A second rescripting of the orthodox version of globalization concerns those that are concerned with issues of global civil society. While there may be particular adverse consequences associated with neo-liberal globalization such as environmental degradation and the growing gap between rich and poor, it is global level processes which may be able

¹⁶For example, Glyn and Sutcliffe suggest that the current levels of trade and capital flows associated with globalization do not represent a qualitatively new level of internationalization, particularly if one compares these flows to the pre-WW I levels. What is novel according to the authors is the predominance of TNCs as the primary organizational form of contemporary capitalism (p. 81). Others within this literature stress that it is the internationalization of finance, facilitated through the rapid diffusion of information and communications technology which is new, rather than the internationalization of capital per se, since capitalism was born in the process of creating a world market. See H. Magdoff "Globalization - To What End?" *Socialist Register* (1994), p. 44-75.

¹⁷L. Panitch, "Globalization and the state" *Socialist Register* (1994), p. 64.

¹⁸For Adam Tickell this offers us a way between the 'boosterist' and 'hypercritical' analyses of globalization, and between the fatalism inherent in the dominant version of globalization and some romantic return to the nation state as the centre of social democracy; A. Tickell, "Questions about Globalization" *Geoforum* 29/1 (1998), p. 4.

to alleviate these very problems.¹⁹ Multifaceted global social movements in the areas of the environment, labour, human rights, peace, women's rights and indigenous peoples are said to point to a nascent global civil society, and thus, a new vision of democracy is possible as a counterpoint to the dominant representation of globalization.

A related literature concerns global governance. In this line of argument, the global economy can not be reproduced and mediated purely via the market, but must also be institutionalized through intergovernmental arrangements and organizations (free trade blocs, the WTO, IMF and World Bank etc) and financial intermediary organizations such as large merchant banks, credit rating agencies and management consultants. Admittedly, while most institutionalize neo-liberalism, it is possible at least to envisage the potential to embed the market in political processes at the global level.²⁰ The cries to democratize the WTO heard in Seattle point in this direction.

A final set of arguments which challenge the orthodox rendering of globalization are those associated with the reassertion of place, locality and territoriality. Rather than dismissing the idea of globalization *in toto*, this literature highlights the social embeddedness of capital, regulatory regimes, labour and consumer markets, and industrial networks in specific places or locales.²¹ In short, capital must be (re)produced in concrete places.²² Yet

¹⁹The unequal distribution of global wealth is intensifying. In 1960, 20% of the world's population was 30 times as rich as the world's poorest 20%. In 1990 this figure has increased to 60 times; D. Massey, "Geography Matters in a Globalised World" *Geography* 84/364 (1999), p. 263.

²⁰Kelly, "The geographies and politics of globalization", p. 394.

²¹Some authors go so far as to suggest a 'new orthodoxy of localism/regionalism'. See A. Amin, "An Institutionalist Perspective on Regional Economic Development" *International Journal of Urban and Regional Research* 23/2 (1999), p. 364-378; M. Jones

capital accumulation is not arbitrarily grounded in any urban regions or localities, but rather in those places which generally afford the most favourable conditions for the realization of profit for individual firms. Thus particular locales and regions seek to capture and embed capital in specific places by emphasizing their structural competitiveness vis-à-vis other regions and localities in the global economy. As a result, globalization embodies a "greater tying-in and subjugation of localities (cities, regions) to global forces".²³ This underscores the way in which globalization plays itself out at a number of different geographical levels or scales.

Two key insights emerge from this literature asserting the importance of place. Firstly, the 'local' is brought into view as an important methodological unit of analysis within which we can situate processes of globalization. Sections four and five of this chapter review the new industrial space and global(izing) city literature, both of which confront the

and G. MacLeod, "Towards a regional renaissance? Reconfiguring and rescaling England's economic governance" *Transactions of the Institute of British Geographers* 24/3 (1999), p. 295-313; and J. Lovering, "Theory led by policy: The Inadequacies of the New Regionalism" *International Journal of Urban and Regional Research* 32/2 (1999), p. 379-395.

²²Early formulations of this new localism/regionalism such as M. Piore and C. Sabel, *The Second Industrial Divide: Possibilities for Prosperity* (NY: Basic Books, 1984), tended to give the impression that these new industrial spaces were potentially autonomous spaces of socio-economic activity. As Amin and Robins, and Amin and Thrift correctly point out, the 1990s clearly illustrate the extent to which the fortunes of localities and regions are inscribed in the geography of global capitalism. See A. Amin and Robins, "The re-emergence of regional economies? The mythical geography of flexible accumulation" *Environment and Planning D: Society and Space* 8 (1990), p. 7-34; A. Amin and N. Thrift, "Neo-Marshallian Nodes in Global Networks" *International Journal of Urban and Regional Research* 16/4 (1990), p. 571-587.

²³A. Amin and N. Thrift, "Living in the Global" in A. Amin and N. Thrift (eds) *Globalization, Institutions and Regional Development in Europe* (Oxford: Oxford University Press, 1994), p. 8.

relationship between the global and the local. Secondly, this literature forces us to theoretically engage with questions of space and geographical scale. As Neil Brenner suggests, globalization can be conceived as “a double edged, dialectical process where the movement of commodities, capital, money, people and information through geographic space is continually expanded and accelerated; and relatively fixed and immobile spatial infrastructures are produced, configured, and/or transformed to enable such expanded, accelerated movement”.²⁴

Global and local processes are therefore inextricably intertwined via this (re)articulation between de-territorializing and re-territorializing moments of capital accumulation. The next section expands our discussion of globalization by addressing how we can usefully theorize the relationship between different spatial scales.

2.2] The social construction of space: theorizing the global-local dialectic

We make our own history and geography, but not just as we please; we do not make them under circumstances chosen by ourselves, but under circumstances directly encountered, given and transmitted from the historical geographies produced in the past.²⁵

The explosive growth in globalization studies over the last decade or so, has firmly

²⁴Brenner, “Globalisation as Reterritorialisation”, p. 435.

²⁵E. Soja, *Postmodern Geographies: The Reassertion of Space in Critical Social Theory*, (London: Verso, 1989), p. 129.

entrenched a multitude of geographical metaphors in the lexicon of late modernity. Concepts such as 'time-space compression', 'space of flows', 'space of places', 'de-territorialization', 'global-local nexus', 'glocalization', 'supraterritoriality', 'diasporas', 'translocalities' and 'scapes', all seek to capture constitutive elements of change in the present era. Articulated with geographical prefixes such as 'sub', 'supra', 'trans', 'meso', 'inter', this new spatial imagery attempts to describe various emergent social processes, above, below, beyond, across and between geopolitical boundaries.

This spatial imagery of globalization reflects a more general reassertion of space in social and cultural theory as a response to what has been perceived as western historicism.²⁶ Simply put, such historicism tended to treat space as a flat, immobilized surface, the backdrop against which social processes took place.²⁷ This Cartesian image of space - space as an inert, static, bounded bloc, also reinforced what some commentators have described as the 'territorial trap' of the social sciences.²⁸ This territorial trap reified spatial forms in terms of self-enclosed geographical units.²⁹ The principal geographical unit around which this was

²⁶See N. Smith and C. Katz, "Grounding Metaphor: Towards a Spatialized Politics" in M. Keith and S. Pile (eds) *Place and the Politics of Identity* (London: Routledge, 1993), p. 67; Soja, *Postmodern Geographies*.

²⁷D. Massey, *Space, Place and Gender* (Minneapolis: University of Minnesota Press, 1994), p. 4; Soja, *Postmodern Geographies*, p. 4.

²⁸See J. Agnew, "Timeless space and State-Centrism: The Geographical Assumptions of International Relations Theory" in S. Rosow, N. Inyatullah and M. Rupert (eds) *The Global Economy as Political Space*, (Boulder: Lynne Rienner, 1994), p. 87-108; J. Agnew, "Spacelessness versus timeless space in state-centred social science" *Environment and Planning A* 28 (1996), p. 1929-1932; A. Agnew and S. Corbridge, *Mastering Space: Hegemony, Territory and International Political Economy*, (London: Routledge, 1995).

²⁹Brenner, "Beyond state-centrism", p. 45-46.

constructed was the territorial nation state. This 'methodological nationalism' inherent in the social sciences has clearly become increasingly difficult to sustain, both theoretically and empirically, as globalization undermines this image of national units of territoriality as enclosed containers of socio-economic and political processes.³⁰

Globalization and the 'erosion of national worlds' has therefore forced a certain 'rethinking' of the geographical underpinnings of traditional social science.³¹ Encapsulated by Doreen Massey's acclamation that 'geography matters'³², and buttressed by attempts to develop a 'spatialized'/'historical-geographical' materialism³³, the "fixed, dead, immobile and undialectical"³⁴ notion of space is replaced by one which stresses the mutual constitution of space and social relations.³⁵

³⁰Chapter Three will elaborate on this theme of state territoriality and the reconfiguration of capitalist social relations across spatial scales.

³¹P. Taylor, "Embedded statism and social sciences: opening up to new spaces" *Environment and Planning A* 28/11 (1996), p. 1924; Taylor argues that a new global ontology is emerging where new frameworks of inquiry transcend orthodox disciplinary boundaries. For Agnew, however, this "unthinking of the social sciences" is prevalent more in 'avant garde' circles, and has yet to fully penetrated the mainstream of social science; Agnew "Spacelessness versus timeless space".

³²See D. Massey, *Spatial Divisions of Labour: Social Structures and the Geography of Production*, (NY: Routledge, 1995); and Massey "Geography Matters".

³³See D. Harvey, *Justice, Nature and the Geography of Difference*, (Cambridge, Mass: Blackwell, 1996); and D. Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, (Oxford: Blackwell, 1990).

³⁴Soja, *Postmodern Geographies*, p. 4.

³⁵For Massey, "Politics and Space/Time" in Keith and Pile (eds) *Place*, p. 145-146, this conceptual rethinking began in the 1970s with the Marxist attack on mainstream geography. As she observes, this critique gave rise to the welcome notion that space was constructed by social practices. This implied that geographic forms and distributions were products, or end points having no material effect. It was not until the 1980s, however, that

These theoretical interventions force us to reconceptualize our understanding of space as social relations “stretched-out” to use Massey’s formulation.³⁶ That is, space is a social geometry of power, and it follows that “the accumulation of capital is perpetually deconstructing that social power by re-shaping its geographical bases..any struggle to reconstitute power relations is a struggle to reorganize their spatial bases. It is in this light that we can better understand ‘why capitalism is continually reterritorializing with one hand what it was deterritorializing with the other’”.³⁷

Hence, globalization creates new forms of inequality and hierarchies, new webs/networks of power as the effects of corporate downsizing (through deconglomeration and vertical disintegration), the increased use of subcontracting (out-sourcing), and the proliferation of temporary and part-time work (to name but a few consequences of global restructuring), are spread unevenly across locales and social groups.

The de- and ‘reterritorialization’ of socio-spatial relations, which Harvey foregrounds, is articulated through a relational network of spatial scales.³⁸

space came to be viewed as integral in the very production of the social. See also Kirsch, “Incredible Shrinking World”, for the way in which socio-spatial relations are also structured by technological change.

³⁶Massey, *Spatial Divisions of Labour*, p. 2

³⁷Harvey, *The Condition of Postmodernity*, p. 237-238.

³⁸On the deterritorializing and reterritorializing moments of capital accumulation see; N. Brenner, “The Urban Question as a Scale Question: Reflections on Henri Lefebvre, Urban Theory and the Politics of Scale” *International Journal of Urban and Regional Research* 24/2 (2000), p. 361-376; Brenner “Beyond state-centrism”; Brenner “Globalization as reterritorialisation”; N. Brenner “Between fixity and motion: accumulation, territorial organization and the historical geography of spatial scale” *Environment and Planning D: Society and Space* 16/4 (1998), p. 459-482; N. Brenner, “Global Cities, Glocal states: global city formation and state territorial restructuring in contemporary Europe” *Review of*

Deterritorialization involves both the increase in capital's socially average turnover time, and capital's inherent propensity to transcend geographical limits.³⁹ This 'time-space' compression is simultaneously articulated with the production of relatively fixed spatial configurations such as urban-regional agglomerations, transportation networks, communication systems and state regulatory structures. Indeed, socio-territorial infrastructure is essential to enable the continual pursuit of profit by individual firms, and the realization of surplus value by capital in general. That is, the reproduction and regulation of capital is secured through a 'spatial fix' - a more or less durable moment of 'structured coherence' around a particular technology of production and consumption, together with a dominant set of social relations.⁴⁰

Spatial scale therefore, is the socially produced geographical scaffolding where differentiated forms of capital are successfully de and reterritorialized.⁴¹ Scale provides the setting of social and political conflict, a 'spatial imaginary' where accumulation strategies and associated socio-political discourses help to demarcate a particular economic space.⁴²

International Political Economy 5/1 (1998), p. 1-37; and Harvey, *The Condition of Postmodernity*.

³⁹Brenner, "Beyond state-centrism", p. 44.

⁴⁰On 'spatio-temporal' fixes see B. Jessop, "The crisis of the National Spatio-Temporal Fix and the Tendential Ecological Dominance of Globalizing Capital" *International Journal of Urban and Regional Research* 24/2 (2000), p. 323- 360; D. Harvey, *The Urbanization of Capital: Studies in the History and Theory of Capitalist Urbanization*, (Baltimore: Johns Hopkins University Press, 1985).

⁴¹Brenner, "Globalisation as Reterritorialisation", p. 741.

⁴²B. Jessop, "The Entrepreneurial City: Re-Imaging Localities, Redesigning Economic Governance, or Restructuring Capital" in N. Jewson and S. MacGregor (eds) *Transforming Cities: Contested Governance and New Spatial Divisions* (London: Routledge,

Drawing upon earlier conceptual innovations in the production of socio-spatial relations, an increasing number of theorists have become interested in the 'difference that scale makes'.⁴³ These constructionist or process-based perspectives on scale take as their starting point the renewed interest in 'place' and 'locality' which has illuminated studies of globalization.⁴⁴ Highlighted by the 'locality debate' precipitated by the 'Changing Urban and Regional System' (CURS) study in the United Kingdom⁴⁵, and the more general rediscovery of the 'region' "by a group of heterodox political economists, sociologists, political scientists and geographers"⁴⁶, in the 1980s, this literature prompted a need to

1997), p. 28-42; G. MacLeod and D. Goodwin, "Reconstructing urban and regional political economy: on the state, politics, scale and representation" *Political Geography* 18/6 (1999), p. 711.

⁴³See Brenner, "Beyond state-centrism"; Brenner "Globalisation as Reterritorialisation"; Brenner "Between fixity and motion"; Brenner, "Global Cities, Glocal states"; Jessop, "The Crisis of the National Temporal Fix"; MacLeod and Goodwin, "Reconstructing urban and regional political economy"; G. MacLeod and D. Goodwin, "Space, scale and state strategy: rethinking urban and regional governance" *Progress in Human Geography* 23/4 (1999), p. 503-528; E. Swyngedouw, "Authoritarian governance, power, and the politics of rescaling" *Environment and Planning D: Society and Space* 18 (2000), p. 63-76; E. Swyngedouw, "Neither Global nor Local: Globalization and the Politics of Scale" in K. Cox (ed) *Spaces of Globalization*, p. 137-166; E. Swyngedouw, "Reconstructing Citizenship, the Re-scaling of the State and the New Authoritarianism: Closing the Belgian Mines" *Urban Studies*, 33/8 (1996), p. 1499-1521.

⁴⁴For an overview and sympathetic critique of social constructionist perspectives on scale see S. Marston, "The social construction of scale" *Progress in Human Geography* 24/2 (2000), p. 219-242. Marston's critique centres on the focus on capitalist production in the construction of scale at the expense of social reproduction and consumption.

⁴⁵See J. Johnston, *A Question of Space: Exploring the Practice of Human Geography*, (London: Blackwell, 1991); and Massey, *Space, Place and Gender*.

⁴⁶M. Storper, "The resurgence of regional economics: Ten years later" in T. Barnes and M. Gertler (eds) *The New Industrial Geography: regions regulation and institutions* (London: Routledge, 1999), p. 23.

adequately theorize the relationship between different spatial levels.

As several observers have shown however, many attempts at comprehending the relationship between the global and the local end up reifying spatial scales by ceding *a priori* dominance to global actors and processes.⁴⁷ A more sophisticated account of the global-local nexus recognizes the mutual constitution of spatial scales. Local economic processes and politics for example, cannot be understood in isolation from processes occurring at higher scales, and as such always reflect the regional, national and global contexts in which they are positioned. At the same time, local/regional contexts are formative constituents in the social production of global space. Clearly this global-local interplay is unevenly structured since, for example, New York as a local concentration of global financial capital has more effectivity in 'determining' or structuring processes at the global level than most urban spaces.

The relationship between scales is not pregiven, but rather historically contingent.

Soja argues, for example, that the social world is comprised of:

a multi-layered system of socially created nodal regions, a configuration of differentiated and hierarchically organized locales..[where the] .. specific forms and functions of this existential spatial structure vary significantly over time and place, but once being is situated in-the-world the world it is in becomes social within a spatial matrix of nested locales. The topological structure is mutable and permutable, but it is always there to envelop and comprise, to situate and constitute all human action, to concretize the

⁴⁷See R. Beauregard, "Theorising the Global-Local Connection" in P. Knox and P. Taylor (eds) *World Cities in a World System*, Cambridge (UK: University Press, 1995), p. 232-248; K. Cox and A. Mair, "Levels of Abstraction in Locality Studies" *Antipode* 21/2 (1989), p. 121-132; and Massey *Space, Place and Gender*.

making of both history and geography.⁴⁸

Soja's 'mutable hierarchy of nested locales' captures at an abstract level the relationship between spatial scales. At a lower level of abstraction, and in the process reworking Henri Lefebvre's seminal work on space, Neil Brenner and Erik Swyngedouw among others, introduce the notion of 'glocalization' in order to capture the current interweaving and redifferentiation of spatial scales. Glocalization is said to embody the particular way globalization is relativizing the national scale while intensifying the role of supra-national (e.g macro-economic trade blocs) and sub-national (e.g cities, urban-regional agglomerations) forms of territorialization. MacLeod and Goodwin offer yet another spatial framing of scale in their discussion of 'glurbanization'. Glurbanization spotlights the specific urban impress of globalization, that is, the way in which globalization is re-scaling the role and position of cities in the contemporary era.⁴⁹

This new scalar geography of glurbanization and glocalization contrasts with that of an earlier period, where the structured coherence of capital was mediated via the territorial unit associated with the nation state.⁵⁰ Drawing from Fernand Braudel's analysis of the role of cities in early modern Europe, Brenner shows how the territorial economy of the nation

⁴⁸Soja, *Postmodern Geographies*, p. 148.

⁴⁹See Brenner, "The Urban Question"; Brenner, "Global Cities, Glocal states"; Jessop "The Crisis of the National Spatio-Temporal Fix"; MacLeod and Goodwin, "Reconstructing urban and regional political economy".

⁵⁰Glocalization also represents a *strategy* of global firms exploiting differences between regions and urban spaces, as they increase their global operations. Similarly, glurbanization also signifies a strategic geo-economic imperative of cities as they attempt to insert themselves into a global division of labour. These spatial metaphors therefore can capture both the structural and strategic dimensions of current capitalist re-scaling.

state subsumed the geography of urban places within its scalar matrix.⁵¹ With globalization however, this historically entrenched relation of 'mutuality' between cities and territorial states is eroding. A new geography of capitalism is emerging where "the circulation of capital can no longer be adequately conceived with reference to autocentric 'national economies' or the image of a world economy parcelized into distinctive national-territorial spaces".⁵² The growing disarticulation between capital and the national economies also generates "spatial dissonance" between the political and economic spheres.⁵³ The state itself is consequently bound up in this matrix of re-scaling.

The crisis of the Fordist techno-economic paradigm and its regulatory component, the Keynesian Welfare state are the manifestations of this territorial re-scaling of capitalist social relations. In this manner, re-scaling becomes an important geographical strategy of crisis displacement and management. The ascendancy of neo-liberal deregulation and free trade ideology, the restructuring of welfare state regimes and the promotion of local/region spaces of production are all indicative of putative spatio-temporal fixes. In this regard a 'politics of scale' emerges around the struggle to constitute and reconfigure socio-spatial relations. Scale becomes, in the words of Erik Swyngedouw, "the arena, the moment, both discursively and materially, where sociospatial power relations are contested and compromises are negotiated and regulated".⁵⁴

⁵¹Brenner, "Between fixity and motion"; and Brenner "Global Cities, glocal states".

⁵²Brenner, "Between fixity and motion", p. 475.

⁵³K. Cox, "Introduction: Globalization and Its Politics in Question" in K. Cox (ed) *Spaces of Globalization*, p. 2.

⁵⁴Swyngedouw, "Neither Global nor Local", p. 140.

The precise nature and modalities of this politics of scale varies, of course, within and between national social formations. The empirical research on the politics of Ottawa's economic development done for this thesis can be described as an attempt to explore the politics of re-scaling in the context of globalization.

2.3] Capitalist crisis, technological transformation and industrial restructuring

The previous section showed how the production of scale is implicated in the production of space. Spatial scale provides a geographical scaffolding, a geometry of power in which the contradictions of capitalism are produced, temporally stabilized and eventually transcended. Globalization, as the restructuring of the bases of capital accumulation across space, has engendered new power orderings within re-scaled latitudes of social relations. The argument of this thesis is that globalization has 'relativized scale' such that, national economic and political space is no longer the preminent scale in which the de and reterritorialization of capital takes place.

Lash and Urry's 'global-localization'⁵⁵, Brenner *et al's* glocalization and glurbanization have thrown into sharp relief the increasing significance of local/regional scale in the context of global transformations. This re-emergence of the local can be broadly situated in the context of the generalized crisis of Fordism since the early 1970s.⁵⁶

⁵⁵Lash and Urry, *Economies of Signs and Space*, p. 17

⁵⁶Fordism and its putative successor, post-Fordism were originally developed primarily by the French neo-Marxist Regulation School via the twin concepts, regime of accumulation and mode of regulation, see A. Lipietz, *Mirages and Miracles: The Crisis of*

Fordism arose in the 1930s with the emergence of institutional articulation of the Keynesian Welfare state with mass production technology.⁵⁷ It involved a formal and informal corporatist institutional configuration in which mass production and mass consumption activities, articulated where necessary by state intervention, constituted the foundation of a national mode of growth. Although the internationalization of trade and production did begin to develop under the aegis of the Bretton Woods system and the geopolitical hegemony of the United States, Fordist structures of accumulation were largely autocentric systems in which stable oligopolies dominated most industrial sectors and the interface with the international economy was largely limited to exports of surplus production, imports of raw materials, and speciality goods not produced locally. The territorial economy of the nation state subsumed the geography of the 'local' within Fordism. As Brenner puts it, there was an isomorphic relation between capital accumulation, urbanization and the regulatory practices of the nation state.⁵⁸

From the late 1960s, early 1970s however, the Fordist mode of growth eventually became a barrier to the valorization of capital, manifesting itself in falling rates of profit,

Global Fordism, (London Verso, 1987), for an elaboration. As signifiers for the socio-economic and political organization underpinning the post-War boom and its subsequent crisis, the Fordism/post-Fordism couplet has since gained widespread currency within the study of political economy, and has provided a general research agenda for theorists outside of, but sympathetic to the heuristic thrust of the Regulation School's approach. It is within this latter sense that I locate my discussion of Fordism and post-Fordism.

⁵⁷The following is a somewhat schematic outline of Fordism. The specificities varied across social formations. Canada's version for example was more 'permeable' than elsewhere, reflecting the high degree of continental integration within the North American economic space. See J. Jenson, "'Different' but not 'exceptional': Canada's Permeable Fordism" *Canadian Review of Sociology and Anthropology* 26/1 (1989), p.69-94.

⁵⁸Brenner, "Globalisation as Reterritorialisation".

declining investment levels, excess capacity in many industrial sectors and the collapse of the international regulatory regime expressed in the Bretton Woods institutions.⁵⁹ Out of the maelstrom of Fordism and the concomitant industrial restructuring of capital, a revamping of spatial scales and their nested articulation has occurred. The term 'post-Fordism' has been employed to specify the broad contours of capitalism's new spatial fix.⁶⁰ On the one hand, post-Fordism signifies geographical dispersal at the global scale, mediated by TNCs, the hypermobility of capital and the role of telematics in the instant transmission of information.⁶¹ On the other, declining Fordist modes have given rise to a new international division of labour based on decentralized, vertically disintegrated forms of industrial organization embedded in dense transactional networks of subcontracting arrangements and non-market forms of inter-firm relations.

Geographic distance and place therefore remain fundamental to capital accumulation,

⁵⁹At an abstract level the crisis of Fordism is rooted in the 'law of value' as traditionally conceived in Marxian analysis. For a summary of the debates within Marxian crisis theory see; S. Cullenberg, *The Falling Rate of Profit: Recasting the Marxian Debate*, (London: Pluto Press, 1994). At a more concrete level the crisis can be found in structural features of the Fordist social formation such as the growing alienation from the Taylorist organization of production, the fiscal crisis of the welfare state, and the growing contradiction between the internationalization of production and trade with the Keynesian macroeconomic management.

⁶⁰For Peck and Tickell it is only possible to speak of post-Fordism in a negative sense. In their view, post-Fordism with its glocalised scalar underpinnings reflects continued spatial disorder, a geography of unresolved crisis, rather than resolution to the crisis of Fordism; J. Peck and A. Tickell, "Searching for a New Institutional Fix: the after-Fordist Crisis and Global-Local Disorder" in A. Amin (ed) *Post-Fordism - A Reader* (London: Blackwell, 1994), p. 280-315

⁶¹S. Sassen, "The Spatial Organization of Information Technologies: Implications for the Role of the State" in J. Mittelman (ed) *Globalization: Critical Reflections*, (Boulder: Lynne Rienner, 1996), p. 33-52.

where, “[e]very component in the production chain, every firm, every economic activity is quite literally grounded in specific locations. Such grounding is both physical, in the form of sunk costs, and less tangible in the form of localized relationships”.⁶² Sassen problematizes this ‘grounding in place’ of capital as a new geography of centrality where: (i) central business districts are reconfigured by technology and economic change, (ii) metropolitan/regional areas become “grids of nodes of intense business activity” articulated through cyber-routes, digital highways and conventional forms of communications infrastructure, (iii) transterritorial centres are constituted via telematics, contributing to an inter-urban integration of major international finance centres such as New York, Tokyo, London etc., and (iv) an electronically generated space creates a spatial virtualization of economic activities.⁶³

This geographical dispersal and centralization go hand in hand, echoing our earlier discussion of de- and reterritorialization moments of capital. The spatial fix of globalized finance, for example, requires a grid of global cities. Even E-commerce still requires the relatively fixed infrastructure of servers and optic fibre cables.⁶⁴ This new round of re-scaling takes place in and through new industrial districts, innovation milieu, learning regions, cross border regions and cities.⁶⁵ Taken together, these local and regional spaces

⁶²P. Dicken, *Global Shift: Transforming the World Economy* (NY: The Guilford Press, 1998), p. 11.

⁶³Sassen, “The Spatial Organization of Information Technologies”, p. 34.

⁶⁴Jessop, “The Crisis of the National Spatio-Temporal Fix”, p. 348.

⁶⁵We can situate the current round of de and reterritorialization within a broad template of capitalism’s historical development. That is, the increasing importance of sub/supra forms of territoriality is a contemporary expression of the long durée of capitalist

signify the increasing replacement of the national economy as an object of management by a tangled hierarchy of re-scaled places embedded in the new knowledge economy.

Indeed, for Manuel Castells, the role of information technology is intimately involved in this de- and reterritorialization of capital accumulation, or as he puts it, the development of nodes of economic development within information networks and spaces of flows.⁶⁶ In *The Rise of the Network Society*, Castells underscores the importance of knowledge based innovation to economic development through what he describes as a shift from industrialism to *informational* capitalism. This new paradigm is founded upon: (i) cheap units of information rather than cheap units of energy as key in the production system, (ii) the pervasiveness of the effects of this new technology, (iii) the networking logic which such technologies have engendered, (iv) flexibility, and (v) the convergence of specific technologies into a highly integrated system.⁶⁷

Information has therefore become the basis of productivity and competitiveness in

spatiality. Yaghmaian, for example, suggests we can understand globalization in terms of 'stages of the internationalization of capital'. Capital as a social relation has always been international, and the recent internationalization of finance and production therefore expresses the most developed global circuit of capital to date; B. Yaghmaian, "Globalization and the State" *Science and Society* 62/2 (1998), p. 247. In a similar vein, Burbach and Robinson argue that globalization as an 'epochal' shift is the 4th such transformation in the history of capitalism, following the age of discovery and conquest, mercantilism and primitive accumulation; the birth of industrial capitalism, the rise of the bourgeoisie and the nation state; and the rise of corporate capitalism; R. Burbach and W. Robinson, "The Fin De Siecle Debate: Globalization as Epochal Shift" *Science and Society* 63/1 (1999), p. 11.

⁶⁶M. Castells, "The Informational Economy and the New International Division of Labor" in M. Carnoy *et al* (eds) *The New Global Economy in the Informational Age: Reflections on Our Changing World*, (Pennsylvania: Pennsylvania University Press, 1993), p. 20; see also M. Castells and P. Hall, *Technopoles of the World: The Making of the 21st Century Industrial Complexes*, (London: Routledge, 1994).

⁶⁷M. Castells, *The Rise of the Network Society* (Mass: Blackwell, 1996), p. 18.

the new economy, and the benefits of such technology tend to accrue largely in locations with high quality scientific and technical labour and an innovative environment. It is to these zones, or new industrial spaces which we now turn our attention in the next section. It will be from this discussion that we will be able to problematize the construction of a new economic space in the Ottawa region, one that revolves around the development of a high-technology innovation milieu. As we have seen from the preceding section, this remaking of economic space can be contextualized in a broader scalar framework, one where the deterritorializing and reterritorializing moments of capitalist accumulation cohere to produce relatively coherent spatio-temporal fixes at particular geographical levels.

The efforts to construct a globally competitive local space in Ottawa, also reflect the growing disarticulation of 'Canada' as a national socio-spatial container of economic and political activity. The contours of this unbundling include: the formalization of Canada's integration into a continental production system through NAFTA; the rise of province building strategies and 'Region states'; and the recasting of the Canadian urban system as urban regions attempt to insert themselves into the global division of labour as global(izing) cities. The next chapter will illustrate that this geographical restructuring of capitalist production also involves a re-scaling of state practices, a process which has brought the local state into purview.

2.4] New industrial spaces and regional economies

Information technologies are making Marshall McLuhan's prophecy about the global village a reality. The 21st century will bring unprecedented levels

of opportunity - and competition, chaos, and change. Only those companies - and those regions - that learn to live and breathe continuous innovation will thrive in this exciting new world.⁶⁸

The above quotation from the head of Nortel Networks, illustrates what appears to be on the surface at least, the paradox of modern capitalism. That is, "the less important the spatial barriers, the greater the sensitivity of capital to variations of place within space, and the greater the incentive for places to be differentiated in ways attractive to capital".⁶⁹ In short, rather than signalling the 'end of geography', socio-economic restructuring has enhanced the salience of place. We have already seen how the construction of relatively immobile socio-territorial infrastructure in general terms, is necessary to guarantee the successful generation of capital accumulation. Furthermore, the glocalization metaphor provides a theoretical architecture in which to position contemporary capitalist territorial organization.

A key constitutive element in the present glocal scalar configuration are the so-called new industrial districts, or learning regions.⁷⁰ 'Discovered' in the 1980s, and popularized by the publication of Piore and Sabel's highly influential, *Second Industrial Divide*, these new industrial spaces came to mark life after the exhaustion of Fordist mass production.

⁶⁸Sakus, "Notes for Remarks", p. 3.

⁶⁹Harvey, *The Condition of Postmodernity*, p. 296.

⁷⁰See for example; Castells, *The Rise of the Network Society*; Piore and Sabel, *Second Industrial Divide*; F. Pyke and W. Sengenberger (eds) *Industrial Districts and Local Economic Regeneration* (Geneva; International Institute for Labour Studies, 1992); A. Scott, *New Industrial Spaces: flexible Production and Regional Development in North America and Western Europe* (London: Pion Ltd, 1988); M. Storper and A. Scott (eds) *Pathways to Industrialization and Regional Development* (London: Routledge, 1992); M. Storper and R. Walker (1989) *The Capitalist Imperative: Territory, Technology and Industrial Growth* (Mass: Blackwell, 1989); M. Storper, *The Regional World: Territorial Development in a Global Economy*, (NY: Guilford Press, 1997).

Post-Fordist industrial organization is said to be constructed around spatially concentrated networks (clusters) of mainly small and medium size enterprises characterized by local inter-firm linkages and supported by an infrastructure made up of universities, R&D institutes, incubators, business services and advanced transportation/communications systems.

Capital is thus embedded to a certain degree in the economic, cultural and political context of the locality. Ann Markusen, for example speaks of "sticky places in slippery spaces"⁷¹, while Allen Scott highlights the "window of locational opportunity"⁷² to explain why particular places have become attractive to capital (and labour) in the context of globalization. These districts are said to be better able to adapt to rigours of global competition since the organization of production is more flexible than that of the large vertically integrated firm characteristic of an earlier era.⁷³ Proximity of firms or clustering within local contexts generates spillovers since the individual firm cannot capture all the economic benefits from its innovation process (i.e bringing its products to market).

It is the existence of these spillovers in and between firms which partly explain the development of these new economic spaces, since with:

globalization and the shift to a knowledge-based world economy, time-to-market and just-in-time delivery become more critical. This encourages the

⁷¹A. Markusen, "Sticky Places in Slippery Spaces: A Typology of Industrial Districts" *Economic Geography*, 72/3 (1996), p. 293.

⁷²Scott, *New Industrial Spaces*, p. 15.

⁷³Bennett Harrison suggests that the role of SMEs is somewhat overstated in this literature, and that one should not underestimate the role played by large multinational firms in these new industrial spaces; B. Harrison, *Lean and Mean: the Changing Landscape of Corporate Power in the Age of Flexibility* (NY: Basic Books, 1994).

clustering capabilities in regional/local centres to support the innovation process and thus to minimize the 'leakage' of external benefits outside the community. Firms are attracted to communities that can provide the key functions needed to bring their products or services to market rapidly.⁷⁴

Clusters successfully capturing the benefits of this spillover, are said to function in a 'milieu of innovation defined by Castells and Hall as the "social, institutional, organizational, economic and territorial structures that create the conditions for the continuous generation of synergy and its investment in a process of production that results from this synergistic capacity, both for the units of production that are part of the milieu and for the milieu as a whole".⁷⁵

The exemplars of these innovative milieu are the Emilia-Romagna area in Italy focussed around flexible, design-craft industries and the high-tech clusters of Silicon Valley, Route 128 near Boston and Baden Wurtemberg in Germany.⁷⁶ The success of these economic spaces, and the plethora of subnational units attempting to imitate this success, has given rise to what Ash Amin, and John Lovering describe as, the 'new orthodoxy of regionalism'.⁷⁷ This new orthodoxy rests on the both the empirical claim that the 'region'

⁷⁴R. Voyer, "Emerging High-Technology Industrial Clusters in Brazil, India, Malaysia and South Africa" paper presented to the conference *Technopolis '97* (Ottawa, 1997) September 10. p. 2.

⁷⁵Castells and Hall, *Technopoles of the World*, p. 9.

⁷⁶For a useful comparative overview of these three regions see S. Digiovanna, "Industrial Districts, Regional Development: A Regulation Approach" *Regional Studies*, 30/4 (1996), p. 373-386; For a more detailed 2-case study of Route 128 and Silicon Valley see A. Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* (Mass: Harvard University Press, 1994).

⁷⁷Amin, "An Institutional Perspective"; Lovering, "Theory led by Policy"; see also P. Cooke, "Reinventing the Region: Firms, Clusters and Networks in Economic

is becoming the crucible of economic development under post-Fordism, and the normative claim that the region should be the prime focus of economic policy.⁷⁸

A number of diverse theoretical approaches underpin this new regionalism, but the unifying thread of this literature is that new industrial spaces are not ultimately explicable with reference to traditional neo-classical economic categories. For example, Michael Storper, and others from the 'California School' have drawn from evolutionary economics and Schumpeterian theories of innovation to explain the processes of collective learning which successful regions exhibit.⁷⁹ Situating themselves within institutional economics and sociology, Amin and Thrift, argue that it is a locality's 'institutional thickness' which helps explain this capacity to embed territorially global processes in subnational innovation milieux.⁸⁰ Somewhat closer to the mainstream, Michael Porter's 'diamond model' focusses

Development" in P. Daniels and W. Lever (eds) *The Global Economy in Transition* (London: Longman, 1996), p. 310-327; P. Cooke and K. Morgan, *The Associational Economy: firms, Regions and Innovation*, (Oxford: Oxford University Press, 1998); M. Keating, "The invention of regions: political restructuring and territorial development in Western Europe" *Environment and Planning C: Government and Policy*, 15/4 (1997), p. 383-398. By the term 'region' these authors are essentially referring to subnational scalar structures and processes, rather than region in a supranational macro-economic sense.

⁷⁸Lovering, "Theory led by Policy", p. 379-380.

⁷⁹Learning regions are able to capture both traded and untraded interdependencies. Traded interdependencies refers to the reduction in transaction costs which emanate from the close proximity of firms with different but linked functions. Untraded interdependencies embodies the less tangible benefits from proximity such as tacit knowledge based on face-to-face exchange, embedded routines, habits and norms, local conventions of communications and interaction, reciprocity and trust based on familiarity. See Storper, *The Regional World*.

⁸⁰Amin and Thrift, "Living in the Global"; see also Amin, "An Institutional Perspective", and G. MacLeod, "Institutional Thickness and Industrial Governance in Lowland Scotland" *AREA* 29/4 (1997), p. 299-311.

on the externalities and returns to scale associated with spatial clustering.⁸¹

Leaving aside the theoretical nuances of the new regionalism literature⁸², it is clear that in general terms it illuminates the context in which the restructuring of Ottawa's economy has taken place. Indeed, Ottawa has actively positioned itself as a high-tech growth pole, or technopolis.⁸³ The term 'technopolis' denotes a broad relationship between the application of scientific knowledge and the city, and moreover the successful commercialization of this knowledge in the context of the global economy.⁸⁴

Technopoles therefore reflect both the urban concentration of economic activity and the significance of knowledge-based technological innovation. Underlining the key role of knowledge, Castells and Hall argue that technopoles constitute the "mines and foundries of

⁸¹M. Porter, "Competitive Advantage, Agglomeration Economics and Regional Policy" *International Regional Science Review* 19/1&2 (1996) p. 85-94, and M. Porter, *The Competitive Advantage of Nations* (NY: The Free Press, 1990).

⁸²The criticism of this new regionalism and new industrial spaces is also varied. Concerns include: the extent to which spaces such as Silicon Valley can be generalized and replicated in other social formations, the progressiveness for such places for workers and the wider community; the modernizing and democratic gloss portrayed to these places, and the under-theorised notion of the state. See, for example, Jones and MacLeod, "Towards a regional Renaissance?", p. 299; Lovering, "Theory led by policy", p. 390; M. Raco, "Competition, Collaboration and the New Industrial District: Examining the Institutional Turn in Local Economic Development" *Urban Studies*, 36/5&6 (1999) p. 964-965.

⁸³On technopoles, Marshallian nodes, high-tech agglomerations and regional hubs see Castells, *The Rise of the Network Society*, Castells and Hall, *Technopoles of the World*; R. Smilor, G. Kozmetsky and D. Gibson (eds) *Creating the Technopolis: Linking Technology Commercialization and Economic Development* (Mass: Ballinger Pub Co, 1988); D. Gibson, G. Kozemetsky and R. Smilor (eds) *The Technopolis Concept Phenomenon: Smart Cities, Fast Systems, Global Networks* (US: Rowman and Littlefield Pub, 1992); and R. Preer, *The Emergence of Technopolis: Knowledge-Intensive Technologies and Regional Development* (NY: Praeger, 1992).

⁸⁴D. Gibson, G. Kozemetsky and R. Smilor, "Preface" in Gibson, Kozemetsky and Smilor (eds) *The Technopolis Concept Phenomenon*, p. xiii.

the informational age" whose function it is to generate the basic materials of the informational economy.⁸⁵ Silicon Valley aside, other examples of technopoles include: Orange County, Southern California; Austin, Texas; Cambridge, England; Hsinshu, Taiwan; Taedok, South Korea; Johannesburg-Pretoria N1 Corridor, South Africa; Sophia-Antipolis, France; The Research Triangle Park, North Carolina, and the 26 clusters set up under Japan's Technopolis Law of 1983.⁸⁶

The self-identification of Ottawa as 'Silicon Valley North' underscores both the material changes in the industrial profile of this urban region, and concomitant efforts discursively to re-image the city as a technopolis.⁸⁷ Integrating the insights of the new industrial space literature, a review document for the 1997 RMOC Official Plan claimed that regions "which have an extremely rich and diverse array of specialized companies, expertise and institutions such as universities and research hospitals, all concentrated within a relatively small geographical area, constitute the ideal environment for the formation of flexible networks".⁸⁸ As an 'institutionally thick' region, Ottawa is home to the largest

⁸⁵Castells and Hall, *Technopoles of the World*, p. 2.

⁸⁶On Japan's technopolis programme see I. Masser, "Technology and Regional Development Policy: A Review of Japan's Technopolis Programme" *Regional Studies* 24/1 (1990), p. 41-53. For case studies of technopoles in developing countries see Voyer "Emerging High-Technology Industrial Clusters"; and for a more general comparative overview of these high-tech growth poles see Castells and Hall, *Technopoles of the World*.

⁸⁷The flip side to this reframing of Ottawa as a high-tech milieu is that it necessarily downplays the role of the federal government in the local economy. Although the public sector has been significantly downsized since the 1980s, as a procurer of services and employer, the federal government continues to loom large over the region.

⁸⁸RMOC, *Regional Plan Review: Perspectives on the Ottawa-Carleton Economy* (Ottawa: Planning and Property Department, 1996), p.15.

concentration of high-technology firms in Canada. As of August 2000, this sector employed 74,000 workers in over 1000 firms and generated around \$12 billion in annual sales, most coming from exports.⁸⁹ The heaviest concentration of these firms and workers is in municipalities of Kanata, Nepean, and the City of Ottawa. There is a small high-tech concentration on the Quebec side in Hull, and in other municipalities which constitute the Region of Ottawa-Carleton.⁹⁰

The high-tech sector has proven to be the most dynamic economic sector in the region with a 754% growth in high-tech employment since 1976.⁹¹ Consequently, Ottawa's share of Canada's high-tech employment has risen from 7.5% in 1991 to an estimated 14% in 2001.⁹² In the Fall of 2000, high-tech employment is expected to surpass that of the federal government, a profound indication of the transformation of the region's economy. Figure 2.1 graphically emphasizes this restructuring of Ottawa's economic base.

⁸⁹OED, *OED's Update on Economic Development* (www.ottawaregion.com: 2000).

⁹⁰As we shall see in chapter 5, this intra-regional distribution of high-technology within Ottawa's technopolis provides one element of a 'politics of scale', since municipalities such as Cumberland and Gloucester complain bitterly about this unequal distribution of economic growth.

⁹¹OED, *Ottawa Facts* (www.ottawaregion.com: 2000).

⁹²*Ibid*

Figure 2.1: Sectoral Economic Change in Ottawa.

The major firms in the region include Nortel, Canada's largest high-tech R&D company (and the region's largest high-tech employer); Canada's premier systems integrator, SHL Systems house and the 1st and 2nd largest Canadian software firms Corel and Cognos.⁹³ Unlike other sectors of the Canadian economy, the high-tech industrial sector in the region is heavily

⁹³For an overview of high-technology in Canada, (and the associated problems in measuring this sector), see: S-H. Bataini and W. Coffey, "The Location of High Knowledge Content Activities in the Canadian Urban System" *Cahiers de Géographie du Québec*, 41/15 (1998), p. 7-34; S. Gera and K. Mang, "The Knowledge-Based Economy: Shifts in Industrial Output" *Canadian Public Policy*, 24/2 (1998), p. 149-184.

concentrated in terms of Canadian ownership - this "is not a branch plant industry".⁹⁴ Ottawa is home to a number of international firms involved in various aspects of the high-tech industry such as Motorola Semiconductors, AT&T, Wang Corp and IBM Canada. This international presence is growing in Ottawa⁹⁵ exemplified by the recent high profile takeover of Newbridge Networks by US company, Alcatel Ltd.

Sectorally, most of Ottawa's high-tech firms are involved in computer software, telecommunications, consulting services and computer hardware.⁹⁶ Other areas of specialization include advanced materials, biotechnology and environmental technologies. The recent *Economic Generators Initiative* under the auspices of The Ottawa Partnership (TOP) identified seven 'clusters' - six high-tech related clusters and a Tourism cluster, as fundamental to the consolidation of Ottawa's self-propulsive growth.⁹⁷ These clusters will provide the key focus of local economic development policy in the immediate future.

Although in aggregate terms there are more firms engaged in the advanced technology sector in Toronto⁹⁸, Ottawa can rightfully stake a claim as Canada's premier high-tech milieu.

⁹⁴OCEDCO and OBJ, *Ottawa Technology Business Guide* (Ottawa: 1997), p. 8.

⁹⁵*Ottawa Business Journal*, "High-tech sector blossoming as American firms arrive", 3/20 (1998), January, p. 6.

⁹⁶CMG Marketing Group, *Ottawa-Carleton Region Silicon Valley North: Telecommunications and Computing Industry, Leading Companies and Related R&D Organizations - Industry Profile and Segmentation Analysis* (Ottawa: prepared for the NRC in co-operation with OCEDCO, 1997), p. 5.

⁹⁷See chapter 5.

⁹⁸J. Britton, "High-Tech Canada" in J. Britton (ed) *Canada and the Global Economy: The Geography of Structural and Technological Change* (Montreal and Kingston: McGill-Queens University Press, 1996), p. 266.

Ottawa's high-tech firms are more spatially concentrated than the dispersed nature of this sector in Canada's global city, facilitating greater synergetic capacity and cluster development. In addition, R&D per capita in Ottawa is currently the highest of any area in Canada. Moreover, with the presence of Nortel Networks, the region is home to one of the top five world centres for telecommunications R&D.⁹⁹

By way of an international comparison, Silicon Valley employs more than one million people in more than 6000 firms constituting around 36% of the workforce in the area.¹⁰⁰ High-tech employment in Ottawa accounts for around 15%. Silicon Valley is exceptional since few high-tech clusters have more than 100,000. For example, the Research Triangle park in North Carolina employs 37,000, while in the high-tech cluster in Cambridge, England, there are 19,000.¹⁰¹

Urban agglomerations of high-tech industrial development are therefore indicative of the relationship between place-based processes of reterritorialization and global flows. The specifically urban quality of these high-tech nodes also invites a more general analysis of cities within the contemporary geography of post-Fordism.

⁹⁹Nortel established its research facilities in Ottawa in 1956 as Northern Electric Ltd, later part of Bell Northern Research.

¹⁰⁰Voyer, "Emerging High-Tech Industrial Clusters", p. 2.

¹⁰¹G. Sears, "Technopolis Survey: Interviews with Community leaders" *Technopolis* '97.

2.5] 'Re-scaling Urban Space': Cities and Globalization

There is a new spatial order of cities, commencing somewhere in the 1970s, in a period often described as one of a globalizing economy...[which includes]...a spatial concentration within cities of a new urban poverty on the one hand, and of specialized 'high-level' internationally connected business activities on the other..The result is a pattern of separate clusters of residential space, creating protective citadels and enclaves on the one side, and constraining ghettos on the other, in a hierarchical relationship to each other.¹⁰²

It should be clear from the discussion up to this point that globalization has a tangible reality in the 'space of places'. Spatio-temporal fixes, necessary for the reproduction and expanded reproduction of capital in general, require the production of relatively fixed, and immobile territorial infrastructure. Cities and urban regions have come to constitute key sites for the latest round of de- and reterritorialization.¹⁰³ As the Marcuse and van Kempen quotation at the beginning of this section illustrates, globalization is not only reordering the relation between spatial scales, but also remaking urban space itself. Globalization is therefore recasting the social relations that give substance to the urban experience. Furthermore, since

¹⁰²P. Marcuse and R. van Kempen, "Introduction" in P. Marcuse and R. van Kempen (eds) *Globalizing Cities: a new Spatial Order* (London: Blackwell, 2000), p. 3.

¹⁰³As a conceptual framework, glurbanization helps overcome what David Harvey has called, an "antiurban bias in studies of macroeconomic and macro-social change". D. Harvey, "From Managerialism to entrepreneurialism: the transformation in urban governance in late capitalism" *Geografiska Annaler B* 71/1(1989), p. 3-4. Of course in correcting this bias it is not a simple matter bidding farewell to the nation state and focussing on the local. The geography of post-Fordism cannot be reduced to a global mosaic of urban nodes, but is rather a "polymorphic, multi-layered 'jigsaw puzzle' in which multiple forms of territorial organization - including cities, interurban networks and territorial states - are being superimposed and intertwined ever more closely". Brenner, "Global Cities, Glocal states", p. 8. This is what is meant by the 'relativization of scale'.

'scale' constitutes an arena of socio-spatial power, the urban level has also become an important site of political contestation and social struggle more generally. In section 2.2 'glurbanization' was introduced to illustrate the specificity of cities and urban regions in the multi-scalar reconfiguration of capitalist accumulation. The following section attempts to concretize the contours of this global urbanization.

Under Fordism, cities were essentially integrated into a nationally scaled accumulation regime, and a relatively tight fit was established between urban dynamism and national economic growth under the structural power of US international hegemony.¹⁰⁴ As sub units of national economic space, cities functioned primarily as transmission belts for central state socio-economic policies.¹⁰⁵ Peter Taylor, for example, speaks of the 'mutuality' between cities and states in the rise of the nation state and in capitalism's long run development.¹⁰⁶

With the Fordist crisis in the 1970s, and the subsequent geographical restructuring of capitalist social relations, this 'mutuality' has come apart. Therefore, globalization has meant that, "[c]ities, and particularly the large core cities of the global economy, play a major role in providing the political, economic, social and cultural conduits of globalization".¹⁰⁷ The

¹⁰⁴Brenner, "Global Cities, Glocal states", p. 18

¹⁰⁵In the case of local municipalities in Canada, urban regions also acted as transmission belts for provincially prescribed policies.

¹⁰⁶P. Taylor "World cities and territorial states under conditions of contemporary globalization" *Political Geography* 19/11 (2000), p. 5-6.

¹⁰⁷R. Keil, "Going local: The Left in the Post-National City" paper presented to the conference, *The Left in a Post-it World*, (Carleton University, Ottawa: March 10-11, 2000), p. 2.

proliferation of research on global or world cities since the early 1980s has directly propelled the 'urban' into view as an analytical window into the geography of capitalism.¹⁰⁸

This research highlights the consolidation of a new urban hierarchy dominated by an archipelago of upper-tier cities. These cities serve as the headquarters of TNCs, international finance, and producer-service organizations. They constitute the 'command and control' points for global capitalism, and are related to one another through interurban networks facilitated by information technology. At the bottom of the global urban hierarchy exists what Yeoh terms '4th World cities, those urban spaces excluded from, and structurally irrelevant to the current round of global restructuring.¹⁰⁹

In between global and 4th World cities, lie the majority of cities and urban spaces which exhibit varying degrees of 'world cityness'. These globalizing cities express capitalist territorial restructuring in a variety of ways.¹¹⁰ For example, the imprint of socioeconomic change can be found in changing land use patterns and new spatial forms of urbanization attendant to globalization such as high density office development, suburban satellite 'back offices', technology corridors, and high-tech business parks. According to Keil

¹⁰⁸B. Yeoh, "Global/globalizing cities" *Progress in Human Geography* 23/4 (1999), p. 609; On world/global cities see also Brenner, "Global Cities, Glocal states"; D. Clark, *Urban World/Global City* (London: Routledge, 1996); R. Keil "Globalization makes states: perspectives of local governance in the age of the world city" *Review of International Political Economy* 5/4 (1998), p. 616-646; P. Knox, "World Cities in a World System" in P. Knox and P. Taylor (eds) *World Cities in a World System* (UK: Cambridge University Press, 1995), p. 3-20; S. Sassen, *Cities in a World Economy* (California: Pine Forge Press, 1994); and Taylor "World Cities".

¹⁰⁹Yeoh, "Global/globalizing cities", p. 608.

¹¹⁰For a review of the multidimensional challenges facing contemporary cities see A. Kearns and R. Paddison "New Challenges for Urban Governance" *Urban Studies* 37/5 (2000), p. 845-850.

and Ronneberger, “[c]ities today appear as multicentred, nodal, flexible and global”.¹¹¹ A new code for understanding urban space has also emerged, embracing many aspects of the transformations in urban space.¹¹² Globalization not only reconfigures the built environment of urban space, but often the formal political boundaries of this space.¹¹³ Mega-cities are created via amalgamation of smaller, local municipalities as the political counterpart to an export orientated regional industrial complex.

Globalizing cities find themselves in an increasingly competitive international environment for global production and investment. These interurban ‘place wars’ provide an impetus for a greater role of the local state in promoting economic development, via global marketing, strategic planning and internal business development.¹¹⁴ In constructing a local strategy, a city’s distinctive culture and quality of life is often emphasized to attract tourism

¹¹¹R. Keil and Ronneberger, “Going up country: internationalization and urbanization on Frankfurt’s northern fringe” *Environment and Planning D: Society and Space* 12/2 (1994), p. 138.

¹¹²For example, Ed Soja explicates what he terms, ‘six discourses of the post-metropolis’, which attenuate the difference between contemporary urban regions and those of the Fordist era. These are: flexicity (new industrial metropolis based on flexible specialization); cosmopolis (the new hierarchy of global cities); metropolarities (the nascent polarities and inequalities generated by a restructured urban social mosaic); exopolis (the growth of ‘edge cities’); carceral archipelagos (fortress cities) and simcities (other elements of the urban imaginary in the increasingly hyper reality of everyday life). E. Soja, “Six Discourses on the Postmetropolis in S. Westwood and J. Williams (eds) *Imagining Cities: Scripts, Signs, Memory* (London: Routledge, 1997), p. 19-30.

¹¹³See chapter 6 for a discussion of this political rationalization of urban space.

¹¹⁴Chapter three highlights this strategic reorientation of the local state towards economic development.

as well as highly skilled workers and inward investment.¹¹⁵ Ottawa's tourist industry, for example, receives six million visitors a year, employs 24,000 workers and generates \$1 billion per year in activity.¹¹⁶ Indeed tourism has been identified by TOP as one of its seven key clusters of economic growth. Broader quality of life issues have also been the subject of a lot of attention as Ottawa markets itself as a great place to live and work.

In addition to economic policies constructed at the local level, cities may also become specific state-sponsored, national champions in the face of intensifying global competition.¹¹⁷ That is, particular urban regions become subject to the strategic selectivity of higher spatial scales of state territoriality. This strategic selectivity need not be necessarily be authored at the national level. In Ontario for example, the provincially prescribed creation of mega-city in Toronto and the special status afforded to the Greater Toronto Area (GTA) in the Progressive Conservative's economic policy *Road Map*, demonstrates a 'provincial champion'.¹¹⁸

The proactive role of the state in helping to capture and embed global capital in 'place' also implicates a politics of scale at the urban level. This politics of scale involves

¹¹⁵Fainstein and Judd underline this commodification of culture in their discussion of 'Resort cities' with a themed environment, 'Touristic-Historic cities' and 'Converted cities' with specialized tourist bubbles. S. Fainstein and D. Judd, "Global Forces, Local Strategies and Urban Tourism" in D. Judd and S. Fainstein (eds) *the tourist city* (New Haven: Yale University Press, 1999), p. 1-20.

¹¹⁶K. Chappell, "Tourism: next 18 months will boost tourism cluster" *Ottawa Business Journal* www.ottawabusinessjournal.com June 5 (2000).

¹¹⁷Jessop, "The Crisis of the national Spatio-Temporal Fix", p. 344.

¹¹⁸Government of Ontario, *A Road Map to Prosperity: An Economic Plan for Jobs in the 21st Century*, (Toronto: Ontario Jobs and Investment Board, 1999).

new modalities of exclusion and inclusion in local governance structures. Relations of power become reordered through, for example, horizontal networks of public-private partnerships. This is also expressed in the way social policy and wider community concerns become increasingly marginalized as cities reposition themselves vis-à-vis the global economy. The role of business in shaping urban politics is enhanced for, as Todd argues, “[a] city’s leading firms help to set the tone or sectoral structure of the local economy. As these cities become the sites for major concentrations of capital and the social and technological infrastructure for its movement becomes ‘fixed’ in the local economy, this begins to have effects on local politics”.¹¹⁹ One example of this would be the way in which business, and its advocacy groups have argued for the rationalization of local political boundaries, in part, to increase the competitive position of the city in the global environment. Thus, the urban scale is not something which exists as a pre-given, inert backdrop to local social relations. Social actors are directly implicated in the very construction of social space and urban scale.

2.6] Conclusion.

This chapter has demonstrated that the notion that globalization is a process where capital escapes the constraints of place-based processes is difficult to sustain. Indeed, the term itself masks the way in which capital’s propensity to transcend spatial and temporal barriers is predicated on reconfiguring the territorial bases for the extraction and realization of surplus

¹¹⁹G. Todd, “Megacity: Globalization and Governance in Toronto” *Studies in Political Economy* 56 (1998), p. 205.

value. The 'global-local dialectic', 'glocalization' and 'glurbanization' are terms which more accurately describe this relationship between global and place-based processes. Studies of new industrial spaces, and global(izing) cities more generally, have therefore brought the 'local' into frame.

In particular, the re-scaling of the local in light of capitalist spatial restructuring opens up a "recognition of the urban as a relevant site for the political in the era of globalization".¹²⁰ In short, urban politics matters. It matters, not least because the urban scale is a more immediate experiential scale for the majority of us - the 'politics of everyday life'.¹²¹ And although urban spaces may still be 'sovereignities in waiting', to use Magnusson's phrase, the local has come to constitute an important site where the contradictions of globalization are negotiated. It is the task of the next chapter to provide a framework within which to situate the 'political moment' at this urban level.

¹²⁰Keil, "Globalization Makes States", p. 617.

¹²¹W. Magnusson, *The Search for Political Space: Globalization, Social Movements and the Urban Political Experience* (Toronto: University of Toronto Press, 1996), p. 9.

Chapter Three: The State in an Era of Globalization.

3.0] Introduction.

Chapter two focussed on the reordering of capitalist social relations across geographical scale and the way in which this has foregrounded local spaces as key analytical sites of investigation. Learning regions and innovation milieu have become emblematic sites of territorialization for post-Fordist forms of global industrialization. The specific urban character of these new industrial spaces underlines the more general role of cities as conduits of globalization. In short, globalization has engendered a re-scaling of social place, rather than the subjection of localities to a deterritorialized, placeless dynamic of the 'space of flows'. Although the chapter suggested that the local or urban scale has become an increasingly relevant site for the 'political moment' of global capitalist restructuring, it did not deal directly with the role of the 'state'. That is the task for this chapter.

This chapter argues that a reconstructed Marxist understanding of the state provides an important theoretical lens through which to conceptualize this urban political moment. Beginning with the fundamental insight that the state is not a 'thing', but a condensation of social relations, this reconstruction involves spatializing the state within the scalar matrix outlined in the previous chapter. As a socio-spatial form of governance, the local state is foregrounded as an increasingly important site for the construction of accumulation strategies necessary for the structured coherence of capitalism in general. The concept, 'local modes of governance' provides a mediating conceptual framework between an abstract understanding of the local state, and the concretization of politics in specific places.

The strategic reorientation and structural transformation of the local state is captured theoretically by the tendential shift from managerialism to an entrepreneurial mode of governance. This recomposition of local political space is cohering around the construction of endogenous economic development strategies within horizontal relations of power, designed to foster consensus and collaboration. This consensus is however, often narrowly constructed, and therefore forms the basis of new modalities of inclusion and exclusion at the local level. These new reconfigured social relations define an urban 'universe of political discourse', where social struggle is as much about contested representations of the entrepreneurial city, as it is about material concerns of redistribution for example.

The first section argues that, rather than being transcended, as some have argued, the state is being rearticulated and reterritorialized in relation to various spatial scales. Drawing from Neil Brenner's reworking of Henri Lefebvre, and Bob Jessop's neo-Gramscian state theory, the hollowed-out national territorial state, or 'glocal' state reworks traditional Marxian state theory and introduces some key terms which provide an analytical window into local/urban politics. This analytical framework compensates for the limited conceptualization of the state found in the new industrial space literature which will be highlighted in section 3.2. The concept, local mode of governance, is developed in section 3.3 via a critical engagement with the burgeoning literature centred around the 'new urban politics'. Section 3.4 builds upon the notion of a local mode of governance in order to capture the structural and functional shift cohering around local economic development policy. The emergence of an endogenous accumulation strategy provides the foundation for a paradigmatic transformation in local governance from managerialism to

entrepreneurialism. The final section describes what this generic entrepreneurial mode of governance might mean for our understanding of politics at the urban level. Utilising this theoretical architecture will enable us to more adequately situate the strategic reorientation and structural transformation of the local state in Ottawa in later chapters.

3.1] Contemporary state theory: the recomposition of political space.

The state is dead..long live the state.¹

Traditional Marxian analyses of the state need to be reworked in light of the 'relativization of scale' bound up with the glocalization of capital accumulation discussed in chapter two. The notion of the the 'glocal' state will be elaborated in order to encapsulate how the state now acts to facilitate capitalist accumulation in a rescaled and nested matrix of socio-spatial relations.² Also embodied in the 'hollowing-out metaphor', this rescaling of state processes and structures brings into view the 'urban' as an important regulatory coordinate in the

¹P. Dicken, *Global Shift: Transforming the World Economy* (NY: The Guilford Press, 1998), p. 79.

²The incorporation of space into state theory emerges from the reassertion of space in critical social theory more generally. This has tended to shift the conceptual terrain of debate from one around issues of structuralism versus instrumentalism and society-centred versus state-centred analyses of the (nation) state, to that between different scales of the state. The following discussion of the state is situated within the broad contours of Marxist political economy although it is not the intention of this section to cover the old and somewhat torturous ground of the 'state debate' both within Marxism and its adversaries. For a review, see B. Jessop, *State Theory: Putting Capitalist States in their Place* (Pennsylvania: Pennsylvania State University Press, 1990).

maintenance and reproduction of surplus value. Globalization is authoring new state forms, as subnational, national and supranational actors and institutions (re)construct political space attendant to the new imperatives of the contemporary era.

The new contours of political space have been subject to much speculation in light of the globalization problematic. On the one hand, the orthodox representation of this problematic presents us with a 'death of the state' thesis, where the hypermobility of capital is said to have eroded the nation state's ability to manage socio-economic processes within its formal territorial boundaries. State sovereignty is therefore usurped by global market forces. The flip side to this argument is that globalization has been much overstated and that the (nation) state continues to function in more or less the same fashion as it has done since its inception. In this regard, the state continues to act as the primary container for socio-economic relations.

The obvious globalization/state dichotomy within which this debate is situated is, however, an artificial one. The basic flaw in the construction of this dualism is a conflation of 'state' with 'nation state'.³ Following Shaw, it is erroneous to counterpose globalization to the state.⁴ Thus, rather than the state's conceptual negation, globalization forces us to acknowledge the historical contingency of the 'state' as a spatial container of society. What has become increasingly transparent in the contemporary era however, is that the 'nation state' is no longer the inevitable, naturalized spatial container of social relations. In chapter

³M. Mann, "Has Globalization ended the rise of the nation state?" *Review of International Political Economy* 4/3 (1997), p. 472-496.

⁴M. Shaw "The State of Globalization: towards a theory of state transformations" *Review of International Political Economy*, 4/3 (1997), p. 497-513.

two we saw how globalization has undermined the coherence of the national scale with economic space. This growing disarticulation was captured in our notion of the relativization of scale.

In addition, national political space has becoming equally problematic in the face of globalization. As Saskia Sassen describes, there are now “new locations for particular systemic property that we call sovereignty”.⁵ The contours of this new geography of power include non-state/market-based forms of governance associated with hierarchies in transnational firms (subcontracting, alliances and joint ventures), intergovernmental and transnational governance systems (regional trade blocs, IMF, World Bank etc.), and new forms of regional/local states. Problematizing a ‘new medievalism’, Anderson argues that “contemporary configurations of political space are a messy mixture of old, new and hybrid forms”, where “globalization is overlaying the mosaic of nation-states and national communities with other forms of political community and non-political market relations”.⁶

In short, political space is in the process of being rearticulated. This transformation of the state is intimately linked to the rescaling of the process of surplus value extraction and realization described in the preceding chapter. Until the 1970s the deterritorialization and reterritorialization of capitalist accumulation was primarily circumscribed by the geographical scaffolding provided by the nation state. State territoriality tended to act as an

⁵S. Sassen, *Losing Control? Sovereignty in an Age of Globalization* (NY: Columbia University Press, 1996), p. 14.

⁶J. Anderson, “The shifting Stage of Politics: new medieval and postmodern territorialities?” *Environment and Planning D: Society and Space* 14/2 (1996), p. 134, 150.

institutional platform for capitalist restructuring, rather than being its direct object.⁷ Indeed, the role of the national scale as a container for capitalist social relations became 'naturalized'⁸ during the course of the 20th century to such an extent, that a 'methodological nationalism' dominated the study of social phenomena.⁹ Political Science's traditional fixation with the nation state as the fundamental unit of analysis underpinning the study of comparative politics and international relations, is illustrative of the pervasiveness of this national spatial framing. Traditionally, most Marxian state analyses have also assumed an untheoretical unity of economic space and the nation state.¹⁰ In a moment of humble reflection Balibar notes that his:

account is situated implicitly (as is almost always the case with Marx's own, when he is dealing with a 'social formation') within a national framework.

⁷N. Brenner, "Global Cities, Glocal states: global city formation and state territorial restructuring in contemporary Europe" *Review of International Political Economy* 5/1 (1998), p. 1-37.

⁸R. Fagan and R. LeHeron, "Reinterpreting the geography of accumulation: the global shift and local restructuring" *Environment and Planning D: Society and Space* 12 (1994), p. 266.

⁹See Agnew on methodological nationalism; J. Agnew, "Timeless Space and State-Centrism: the Geographical Assumptions of International Relations Theory" in S. Rosow, S. Inayatullah and M. Rupert (eds) *The Global Economy as Political Space* (Boulder: Lynne Rienner, 1994), p. 93. In a similar fashion, Neil Brenner articulates what he terms a 'methodological territorialism' which has dominated social science since the late 19th century; N. Brenner, "Beyond state-centrism? Space, Territoriality, and Geographical Scale in Globalization Studies" *Theory and Society*, 28/1 (1999), p. 45-46.

¹⁰E. Balibar, "From Class Struggle to Classless Struggle?" in E. Balibar and I. Wallerstein, *Race, Nation and Class: Ambiguous Identities* (London: Verso, 1991), p. 153-184; D. Ruccio, S. Resnick and R. Wolff "Class beyond the Nation-State" *Review of Radical Political Economics*, 22/1 (1990), p. 14-27.

I have assumed that the space in which class struggle takes place and class is constituted is a national space. More specifically, my analysis neutralizes the fact that capitalist social relations develop simultaneously in a national (belonging to the nation-state) and a global framework.¹¹

This spatial fetishism reified social processes into self-enclosed (national) geographical units, a process which John Agnew argues had caught traditional social sciences in a 'territorial trap'.¹² This territorial trap rested on three unproblematized assumptions:

(i) that the territorial state exists prior to, and as a container of society. The modern state therefore comes to define society - space is subordinate to the state.

(ii) the use of inside/outside, and domestic/international binary oppositions which obscures the interaction between societies at different spatial scales.¹³

(iii) the assumption of state sovereignty which reifies national space as a set of fixed and secure units of political space.¹⁴

¹¹Balibar "From Class Struggle to Classless Struggle?", p. 174.

¹²Agnew, "Timeless Space", p. 91-100.

¹³This assumption underpinned a view of the nation state analogous to that of rational individuals in a competitive struggle with one another. This image still dominates mainstream International Relations for example.

¹⁴Within critical IR theory for example, Rob Walker has interrogated this notion of state sovereignty, arguing that this modernist conception of space is rooted in the epistemic developments following the Renaissance and Enlightenment periods. The gap between the finite and infinite that was once bridged through mediation with God and the church became bridged by Cartesian dualism which posited a number of ontological resolutions embodied in the universal/plural, self/other and space/time dichotomies; R. Walker, "From International Relations to World Politics" in J. Camilleri, A. Jarvis and A. Paolini (eds) *The State in Transition: Reimagining Political Space* (NY: Lynne Rienner, 1995), p. 28.

The territorial reordering of capital accumulation across geographical scale embodied in the integration of production through TNCs, the realization of profit in global markets, the increasing mobility of financial capital and the proliferation of globally oriented subnational industrial spaces however, has underlined leakages in the epistemological and ontological inclusiveness of the modern nation state. Rather than heralding the demise or retreat of the state in the face on the onslaught of global market forces, however, globalization reorients us to the historical contingency of the nation state as a container of societal processes.¹⁵

The extent to which the nation state ever constituted a tight spatial container is of course debatable. The 'international' has always shaped, structured and penetrated the territorially bounded sovereign state. As Picciotto points out, "the modern state was born within an international framework. Although it was primarily national socio-economic forces that defined its socio-geographic boundaries, its form and functions developed internationally".¹⁶ Furthermore, before the rise of capitalism, the "geographical space of accumulation bore only a limited relation to the space of the nation state".¹⁷ With the glocalization of capital accumulation developing out of the crisis of the Fordist mode of

¹⁵Although outside the immediate scope of the present research, challenging the ontological foundations of the nation state also opens up the deconstruction of subjectivities in and through the state - subjectivities such as citizenship, ethnicity etc and related self/other dualisms which are constructed around knowledge of the state. See A. Jarvis and A. Paolini, "Locating the State" in Camilleri, Jarvis and Paolini (eds) *The State in Transition*, p. 12.

¹⁶S. Picciotto, "The Internationalization of the State" *Review of Radical Political Economics* 22/1 (1990), p. 31.

¹⁷R. Bryan, "The State and the Internationalisation of Capital: An Approach to Analysis" *Journal of Contemporary Asia* 17/3 (1987), p. 253.

growth in the 1970s, this spatial dissonance is once again in frame. While the geopolitical space of the nation state is no longer necessarily congruent with a national economic space however, class and other social relations upon which the production and realization of capitalist surplus value rests are still reproduced politically through the 'state' as a generic form of governance.¹⁸

The state, as a condensation of class and other interrelated social relations, is in the process of being reconstituted in new ways, as the generic 'political moment' of capitalist exploitation. Glocalization and glurbanization involve a reconfiguration of the power geometry of social relations at different geographical levels. On the one hand, executives in TNCs and public officials of national and international agencies are increasingly constituting a transnational hegemonic class articulated through institutions such as the G7, Trilateral Commission, the OECD, IMF and World Bank.¹⁹ On the other, the insertion of global(izing) cities into an increasingly competitive international environment is creating new constellations of interests at the urban level, together with new forms of social

¹⁸As a generic form of governance the state obviously predates both the rise of capitalism and the nation state as a specific territorial embodiment of political power. The issue of the rise of the modern nation state and interstate system and its relationship to the development of capitalism is a vexed question. This debate has a long lineage and generally revolves around competing definitions of 'capitalism'; see for an overview, K. Mosley, "Capitalist Development and the Nation-State" in R. Palan and B. Gills (eds) *Transcending the State-Global Divide: A Neostructuralist Agenda in International Relations* (Boulder: Lynne Rienner, 1994), p. 125-144.

¹⁹See R. Cox, *Production, Power and World Order: Social Forces in the Making of History* (NY: Columbia University Press, 1987); S. Gill, "Gramsci and Global Politics: towards a Post-Hegemonic Research Agenda in S. Gill (ed) *Gramsci, Historical Materialism and International Relations* (UK: Cambridge University Press, 1993), p. 1-20; S. Gill and D. Law, "Global Hegemony and the Structural Power of Capital" in Gill (ed) *Gramsci*, p. 93-126.

polarization. 'Spatializing' Marxian state theory - reconceptualizing the state 'as' a multiscalar form of capitalist territorial organization, encompassing subnational, national and supranational scales - affords an analytical window apposite for the reconstitution of capitalist social relations associated with the changing hierarchy of nested locales.²⁰

In general terms the state plays a central role in the production of capitalist territorial organization, since the "self valorization of capital" can only occur "in and through regulation".²¹ Such regulation involves the construction of various accumulation strategies in an attempt to produce the spatial fixes necessary for the successful expanded reproduction of capital accumulation.²² Accumulation strategies are specific economic growth models usually constructed by a class fraction of capital. To be successful, accumulation strategies "must provide a stable framework within which competition and conflicting interests can be conducted without disturbing the overall unity of the circuit of capital".²³ Accumulation strategies, such as that embodied in Fordism for example, also tend to cohere within more

²⁰This overcomes, what Ed Soja calls, Marxism's analytical privileging of time over space in the analysis of capitalism; E. Soja, *Postmodern Geographies: The Reassertion of Space in Critical Social Theory* (London: Verso, 1989).

²¹B. Jessop, "A Neo-Gramscian Approach to the Regulation of Urban regimes: Accumulation Strategies, Hegemonic Projects and Governance" in M. Lauria (ed) *Reconstructing Urban Regime Theory: Regulating Urban Politics in a Global Economy* (California: Sage, 1997), p. 56.

²²B. Jessop, "The Crisis of the National Spatio-Temporal Fix and the Tendential Ecological Dominance of Globalizing Capitalism" *International Journal of Urban and Regional Research* 24/2 (2000), p. 335.

²³Jessop, *State Theory*, p. 199.

general 'state' or 'hegemonic' projects.²⁴ A hegemonic project seeks to reconcile particular interests of various class (and class fractions) and social groups within some defined general interest. While not synonymous, there is a close relationship between accumulation strategies and hegemonic projects since both mutually condition one another - at least those that are successful. A hegemonic project seeks to mediate the often narrow interests of capital associated with an accumulation strategy and wider societal forces. Such discursive mediation may involve material concessions for these social forces mobilized by the state project.²⁵ Spatializing these twin neo-Gramscian concepts allows us to later situate local state restructuring around the creation of a local accumulation strategy, and its broader (local) state project.

In general there is a structural coupling and contingent co-evolution between accumulation strategies and forms of governance underlining state projects and spatio-temporal fixes. It is when there is a generalized crisis in the capitalist mode of production that this coupling comes apart. Thus for example, the crisis of Fordism was also a crisis of the Keynesian Welfare state. The shift in techno-economic paradigms, such as that from Fordism to post-Fordism, inaugurates a transformation in the state itself, since an important reason for the state's being is the maintenance and reproduction of capital. It is important to point out however, that new state forms concomitant with capitalist restructuring, should not be interpreted in a simple functionalist manner. New accumulation strategies and

²⁴On the relationship between accumulation strategies and the broader 'state projects' in which these are often situated, see Jessop, *State Theory*, chapter 7.

²⁵*Ibid*, p. 208.

broader state projects are forged in a context of social contestation and path dependent processes in particular contexts. This point will be developed below in section 3.5 where a spatialized 'universe of political discourse' will be employed as a way to frame the contestation around the construction of the entrepreneurial city.²⁶ 'Structured coherence' is therefore a contingent product of the translation of economic effects into successful accumulation strategies and political projects in a context of struggle between contending representations of reality and social classes.

The particular *scalar* configuration of accumulation strategies and hegemonic projects is also historically contingent. Indeed, the scalar structure of the state is modified with each new round of crisis induced capitalist restructuring. We can identify three such rounds of state rescaling: the late 1800s, 1930s and 1970s.²⁷ The first period embodied a growing 'encagement' of capitalist territorial organization within the national scale of the state. The second signalled an 'entrenchment', where the role of the nation state as a geographical container of capital accumulation was intensified under the "structural and strategic congruence" between Fordism and the Keynesian Welfare state.²⁸ And finally, the

²⁶See J. Jenson, "All the World's a Stage: Ideas, Spaces and Times in Canadian Political Economy" in J. Jenson, R. Mahon and M. Bienefeld (eds) *Production, Space, Identity: Political Economy Faces the 21st Century* (Toronto: Canadian Scholars Inc, 1993), p. 143-170.

²⁷N. Brenner, "Between fixity and motion: accumulation, territorial organization and the historical geography of spatial scales" *Environment and Planning D: Society and Space* 16/4 (1998), p. 474-476.

²⁸B. Jessop, "Post-Fordism and the State" in A. Amin (ed) *Post-Fordism - A Reader* (London: Blackwell, 1994) p. 260.

current denationalization, or “post-national”²⁹ period of TNCs, information technology, and increasing capital velocity which has inaugurated the ‘hollowed-out Schumpeterian Workfare’ state or ‘glocal’ state.

The Fordist institutional matrix was underpinned by the monolithic unity of the nation state as a territorially self-enclosed container of socio-economic activity. This was achieved through bureaucratic regulation and Keynesian economic management. The role of the Keynesian Welfare state became to: (i) compensate for the inherently limited form of flexibility in Fordist production, through the management of the wage relation and aggregate demand, (ii) integrate the capital and consumer goods industries by investment in various infrastructural projects and “generalized norms of mass consumption through intervention in labour market and collective bargaining and through its provision for collective consumption”, and (iii) link the interests of organized labour and capital through promotion of full employment and social welfare.³⁰ Thus, a nationally inscribed accumulation strategy based on Fordist mass production became articulated with an expansive state project premised on a corporatist relationship between labour and capital and the development of universal entitlements through the welfare state.

In this period there was a tight fit between urban dynamism and the relatively autocentric national economies. Any intra-national disparities were attended to by redistributive regional industrial policies. Cities and their local states were therefore firmly embedded in the homogenizing effects of Keynesian macroeconomic management

²⁹Sassen, *Losing Control?*.

³⁰Jessop, “Post-Fordism and the State”, p. 255.

and the indirect forms of intervention on the realization of surplus value.³¹ Local/regional states tended to act as transmission belts for central state policies.³²

With the generalized crisis of Fordism in the 1970s, the structural and strategic congruence between the Fordist mode of growth and its regulatory counterpart - the Keynesian Welfare state began to come apart. This uncoupling can be explained in broad terms with reference to the rise of new technologies, the growing internationalization of capital, the demise of the Bretton Woods system and transformations in the industrial organization of capital. The post-Fordist successor to the national-developmental Keynesian Welfare state is thus an attempt to reactivate the productive forces of capital in the wake of this structural crisis in the 1970s. The 'post-Fordist state' can therefore be understood as both the product of the crisis of the Fordist-Keynesian state, as well as the means by which a post-Fordist reindustrialization is taking place.³³ As Keil argues, globalization 'makes states', indeed it constructs new forms of state power at different spatial scales.³⁴ At the same time, states 'make globalization' as they author both accumulation strategies and the formal legal framework to facilitate the expanded reproduction of capital on a global scale.

³¹These indirect forms included: industrial relocation via subsidies and tax concessions, and promotion of collective consumption via social housing, education and transportation policies.

³²Brenner, "Between fixity and motion", p. 475.

³³Brenner, "Global Cities, glocal states", p. 16.

³⁴R. Keil, "Globalization makes states: perspectives of local governance in an age of the world city" *Review of International Political Economy* 5/4 (1998), p. 616-646.

In short, state territoriality is increasingly organized in a 'glocalized' scalar framework rather than the nationalized scalar fix of Fordism.³⁵ As Brenner argues:

[o]n the one hand, triadic, supranational, plurinational and international regulatory regimes and institutions such as the EU, NAFTA, the World Bank and the IMF have acquired important new roles in the regulation of global competition, international trade and foreign investment which were previously monopolized, in large part, by national-developmental central governments. On the other hand, throughout the world economy, a wide range of subnational, regional, metropolitan, municipal and local state agencies have adopted entrepreneurial strategies during the last two decades to promote structural competitiveness, to attract external capital investment and to secure endogenous forms of accumulation within their territorial jurisdictions.³⁶

The new regulatory regime of post-Fordism is based on 'glocal developmentalism', where the promotion of global economic competition is taking place within strategic subnational territorial sites and global governance structures, supplanting the national-developmentalism characteristic of Fordism.³⁷ In addition, the post-Fordist regulatory ensemble (variously described as the national competitive state, competition state, hollowed-out Schumpeterian Workfare state, and glocal state), implies a more direct and unmediated involvement in the

³⁵An issue that emerges from the glocalized post-Fordist state framework is the extent to which it embodies a durable spatio-temporal fix for capital accumulation. Peck and Tickell, for example underline the global-local disorder of the contemporary round of territorialization of capital; J. Peck and A. Tickell "Searching for a new institutional fix: the after-Fordist crisis and the global-local disorder" in Amin (ed) *Post-Fordism*, p. 280-315.

³⁶N. Brenner, "The Urban Question as a Scale Question: Reflections on Henri Lefebvre, Urban Theory and the Politics of Scale" *International Journal of Urban and Regional Research* 24/2 (2000), p. 371.

³⁷*Ibid*, p. 372.

productive forces of capitalist territorial organization.³⁸ This is characterized by both the neo-liberal strategy of deregulation, which dismantles the nationally configured redistribution operations of the Keynesian Welfare state, together with re-regulation, where new forms of institutional arrangements are constructed at various scales to enhance flexibility and structural competitiveness.³⁹ Examples of such re-regulation include: new forms of industrial and technological policies; construction of new legal regimes and financial regulation; and the establishment of new entrepreneurial institutional forms to enhance the productive forces of particular urban regional growth poles.

The post-Fordist glocal state describes therefore, the “structural transformation and fundamental strategic reorientation of the capitalist state” within the rescaled matrix of capitalist social relations.⁴⁰ Three trends in particular stand out within this new rescaled state framework: (i) the denationalization of the state, (ii) the destatization of the political system,

³⁸On the competition state see P. Cerny, “Globalization and the changing logic of collective action” *International Organization* 49/4 (1995), p. 595-625; national competitive state see J. Hirsch, “Globalization of Capital, Nation-State and Democracy” *Studies in Political Economy* 54 (1997), p. 39-58; hollowed-out Schumpeterian Workfare state see Jessop, “Post-Fordism and the State”; Jessop, “Towards a Schumpeterian Workfare State? Preliminary Remarks on a Post-Fordist Political Economy, *Studies in Political Economy* 40 (1993), p. 7-40; and on the glocal state see Brenner, “Global Cities, glocal states”; E. Swyngedouw, “Authoritarian governance, power, and the politics of rescaling” *Environment and Planning D: Society and Space* 18 (2000), p. 63-76; Swyngedouw, “Neither Global nor Local: ‘Glocalization’ and the Politics of Scale” in K. Cox (ed) *Spaces of Globalization: Reasserting the Power of the Local* (NY: Guilford Press, 1997), p. 137-166.

³⁹Swyngedouw, “Neither Global nor Local”.

⁴⁰Jessop, “Post-Fordism and the State”, p. 263.

and (iii) the internationalization of policy regimes.⁴¹ The first trend rests on the hollowing-out of the state, where the state's "capacities to project its power even within its own national borders are decisively weakened both by the shift towards internationalized, flexible (but also regionalized) production systems and by the growing challenges posed by risks emanating from the global environment".⁴² State political apparatuses become reordered both territorially and functionally at the subnational, national, supranational and trans-local levels.⁴³ The central state, like a hollowed-out corporation maintains command and control functions, while contracting out to other political institutions at different spatial scales. This hollowing-out metaphor fits neatly with our previous discussion on the relativization of scale, together with the conceptualization of the glocalized state.

The second aspect, 'destatization', is particularly important for this thesis. Destatization is reflected in the shift from government to governance across the various spatial scales of the political system.⁴⁴ What this implies is:

⁴¹See Jessop, "A Neo-Gramscian Approach"; and B. Jessop, "Capitalism and its future: remarks on regulation, government and governance" *Review of International Political Economy* 4/3 (1997), p. 561-581.

⁴²Jessop, "Post-Fordism and the State", p. 264.

⁴³Jessop, "Capitalism and its future", p. 573-574.

⁴⁴For a review of the theoretical lineage of governance theories and the increasing cross-fertilization that an interest in governance is creating, see B. Jessop, "The Regulation Approach, governance and post-Fordism: alternative perspectives on economic and political change?" *Economy and Society* 24/3 (1995), p. 307-333. On the relationship between governance and the state more broadly see J. Pierre and B. Peters, *Governance, Politics and the State* (NY: St Martins Press, 2000).

a movement from the central role of official state apparatus in securing state-sponsored economic and social projects and political hegemony towards an emphasis on partnerships between government, para-governmental and non-governmental organizations in which the state apparatus is often only the first among equals. This involves the complex art of multiple steering agencies, institutions and systems which are both operationally autonomous from one another and structurally coupled through various forms of reciprocal interdependence.⁴⁵

This notion of governance captures the way in which the political regulation of social process takes place within a more horizontally organized system. The boundary between the state, understood as the formal institutions of government, and civil society has to a certain extent been traversed with the proliferation of public-private partnerships and other forms of collaborative endeavours. This shift to heterarchical forms of coordination is because:

capital accumulation has come to depend more heavily on a wide range of extra-economic factors generated through other institutional orders on various spatio-temporal scales. Whilst accumulation has always depended on non-commodified as well as commodified relations, this dependence has become more marked due to a fundamental change in the conditions making for competitiveness".⁴⁶

These 'new' conditions are Storper's 'untraded interdependencies', and Amin's 'institutional thickness'. In other words those tangible and intangible qualities necessary for the successful generation of synergistic capacity in new industrial spaces are implicated in fostering more cooperative and horizontal forms of social organization.

⁴⁵Jessop, "Capitalism and its future", p. 575.

⁴⁶B. Jessop, "The rise of governance and the risks of failure: the case of economic development" *International Social Science Journal* 18 (1998), p. 33.

Behind this heterarchy however, lies a corresponding role for meta-governance, or organizing the self-organization of partnerships, networks and governance regimes. This implies that the specific forms which governance manifest always takes place in the shadow of hierarchy.⁴⁷ A particular organization or institution - a metabroker - attempts to secure coherence within the particular policy domain, or spatial scale depending on the object of governance. The metabroker may be a government agency, quasi nongovernmental organization, or even a private sector institution.⁴⁸

The shift to internationalized policy regimes involves a refocussing of the economic and social policies of the state on international competitiveness, as the spectre of globalization forces policymakers at all levels to adhere to the demands of capital.⁴⁹ This coheres nicely with the 'internationalization of the state' thesis associated with Robert Cox's neo-Gramscian international political economy.⁵⁰ For Cox, the internationalization of the

⁴⁷*Ibid.*

⁴⁸As we shall see in later chapters, the production and coordination of local economic development in general, has tended to be institutionalized within some form of public-private partnership.

⁴⁹Of course in appealing to the 'global', policymakers participate in the discursive construction of globalization itself. Globalization is therefore deployed to show the inevitability of certain events and the necessity of particular policy options.

⁵⁰On Gramscian IPE see Cox, *Production, Power and World Order*; R. Cox, "Global Perestroika" *Socialist Register*, (1992), p. 26-43; Gill, "Gramsci and Global Politics"; and Gill and Law, "Global Hegemony". In a similar vein, others have identified the transnationalization of the state; P. McMichael and D. Myhre, "Global Regulations vs the Nation-State: Agro-Food Systems and the New Politics of Capital" *Review of Radical Political Economics* 22/1 (1990), p. 59-77; S. Pooley, "The State Rules OK? The Continuing Political Economy of Nation-States" *Review of Radical Political Economics* 22/1 (1990), p. 45-58.

state is the “global process whereby national policies and practices have been adjusted to the exigencies of the world economy of international production”.⁵¹ Globalization has therefore meant that states are “more effectively accountable to a *nebuleuse* personified as the global economy”.⁵²

In addition to the internationalization/transnational of the state literature, this third element involved in the reorganization of the state attunes us to the way in which urban spaces are now acting as conduits of globalization. The relationship between the recomposition of the state underwritten by globalization and local spaces is represented in figure 3.1 on the next page.⁵³

In the spatialized framework of the state presented thus far, the relative importance of urban-regional scales in promoting capital accumulation has been enhanced. Hence, the “urban scale is not only a localized arena for global accumulation, but a strategic regulatory coordinate in which a multiscale reterritorialization of state institutions is currently unfolding”.⁵⁴ Recalling the theoretical discussion of scale from chapter two, the urban scale is a socially constituted, historically contingent and politically contested variable. The urban scale itself is constructed in and through the re-scaling of state power upwards and downwards. Moreover, scales are not mutually autonomous levels of political and economic activity. Rather, they interpenetrate and overlap in multiple ways within the glocalised state-

⁵¹Cox, *Production, Power and World Order*, p. 253.

⁵²Cox, “Global Perestroika”, p. 27.

⁵³This is taken from Brenner, “Global cities, glocal states”, p. 21.

⁵⁴Brenner, “The Urban Question”, p. 366.

scalar matrix.⁵⁵

Figure 3.1: Urbanization, state forms and the world economy.

⁵⁵For example, structural processes and policies of higher state scales become inscribed in the local state. In chapter four, the nested nature of federal and provincial scales in Ottawa's local mode of governance will be highlighted.

Cities and their local states become active in the construction of new industrial spaces for post-Fordist forms of capital accumulation. This is complemented by the creation of 'new state spaces', to enhance the city's ability to mobilize and coordinate global capital investment, and embodied institutionally in the proliferation of public-private partnerships, para-state agencies, quasi-autonomous non-governmental organizations, and the reconfiguration of formal political boundaries.

What the glocalized scalar framework within which cities are now positioned also reveals, is that the 'state' in general is now no longer able to guarantee an "all encompassing institutional fix on any single geographical scale".⁵⁶ Provisional, partial and temporary fixes are being forged to stabilize particular economic spaces in the face of volatility in international financial markets, market failure, inter-urban and inter-(macro) regional competition. This underscores the inherent contradictions in current neo-liberal, productivist globalization strategies. The contradictions of the present round of de and reterritorialization include: growing social polarization; exaggerations in the business cycle; exacerbation of structural imbalances in trade policies between nation states and beggar-thy-neighbour relations between urban spaces.

The final sections of this chapter deal explicitly with the city as a coordinate of political power. This will provide an analytical window into the recomposition of Ottawa's local state around its high-tech innovation milieu. As the next section will show however, the literature on new industrial spaces offers only a very partial insight into an understanding of the political moment at the local level. In this regard, it is necessary to engage with a

⁵⁶Brenner, "The Urban Question", p. 372-373.

burgeoning literature on local governance and the New Urban Politics.

3.2] New industrial spaces and the role of the state.

In chapter two we highlighted the increasing academic and political appeal to the regional and local scale as key sites in the construction of post-Fordist forms of industrial organization. Whether examining high-tech milieux or the economic niches of other local spaces, this literature is useful in avoiding the reification of macro-economic change at either the national or global scales. Its contribution to our understanding of the recomposition of political space at the local level lies in the way it captures the destatization of the political system identified in the previous section. In this regard, studies of technopoles and learning regions foreground the emerging horizontal nature of social organization at the local level, together with the requisite role of meta-governance. These insights prove important in building a conceptual framework of the local state directed around 'local modes of governance' What they lack however, is a conceptualization of the rescaled nature of the state, and moreover, any notion that 'governance' is integral to a politics of scale. In short, the new industrial space literature appears to evacuate politics from local economic development.

In chapter two we noted how this literature has emerged to form a 'new orthodoxy' of local/regionalism, where an underlying normative claim is made that these subnational spaces *should* be the most appropriate locus of policy formation and implementation. Indeed, the new industrial space literature is significantly policy-oriented. This approach

to innovative milieu presents a 'menu' of government actions which are said to help or hinder the development of these spaces.⁵⁷ This prescriptive literature is buttressed by case studies and comparative work which identify the historical role that government has played in facilitating the growth of post-Fordist spaces.⁵⁸ Saxenian in her comparison between Boston's Route 128 and Silicon Valley highlights the role of government funded research during the Cold War at Stanford and MIT. Similarly, Scott explains the important role played by defence spending in the development of Southern California's high-tech sector. Saxenian in addition, argues that the development of a 'regional industrial strategy' by local government, business and other elements of the local community explains the relative success of Silicon Valley vis-à-vis Route 128. Digiovanna compares Silicon Valley, Baden Wurtemberg and Emilia-Romagna to illustrate the different ways regional government has facilitated the growth in each case.

A number of presentations made to the international conference, *Technopolis '97*, held in Ottawa were indicative of this approach to understanding the role for the state in animating the development of post-Fordist spaces..⁵⁹ In various ways the presentations

⁵⁷J. Zeitlin, "Industrial districts and local economic regeneration: Overview and Comment" in F. Pyke and W. Sengenberger (eds) *Industrial Districts and Local Economic Regeneration* (Geneva: International Institute for Labour Studies, 1992), p. 279-294.

⁵⁸S. Digiovanna, "Industrial Districts, Regional Development: A Regulationist Approach" *Regional Studies*, 30/4 (1996), p. 373-386; A. Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* (Mass: Harvard University Press, 1994); A. Scott, *Technopolis: High-Technology Industry and Regional Development in Southern California* (Berkeley: University of California Press, 1993).

⁵⁹P. Roy, "Powerful Synergy for Maximum Growth: Creating Strong regional Economic Hubs and Successful inter-firm Collaboration, Sharing and Leveraging Knowledge to Compete in the Global Market Place" paper presented to the conference,

delineated the range of initiatives that local government could undertake in fostering the synergistic capacity of local clusters. Moreover, they clearly identified the horizontal institutional context for local state action. This speaks to the point regarding the 'flattening-out' of the state, embodied in the shift from government to governance. Local economic development directed towards facilitating technopolis growth is conducted in an environment where both the formal structures of (local) government and other local actors (usually business) come together in a collaborative context.

In addition, the need for a 'meta-broker' of major players in a regional agglomeration was underlined.⁶⁰ A meta-broker participates in the construction of a "well constituted and well-focussed regional economic development centre, most particularly with representation of key business and institutional stakeholders, a competent board of directors, a comprehensive strategic plan keenly addressing the subject of regional economic growth through knowledge sharing and building".⁶¹ Interestingly, Roy suggests that this role was being played by OCEDCO in the context of technopolis development in Ottawa. As we shall see in chapter five however, OCEDCO was very unsuccessful in this role. Indeed the creation of The Ottawa Partnership (TOP) in the last few years reflects the inability of OCEDCO to fulfil this mandate.

Technopolis '97 (Ottawa: September 10, 1997); G. Sears, "Technopolis Survey: Interviews With Community Leaders" *Technopolis '97*; R. Voyer, "Emerging High-Technology Industrial Clusters in Brazil, India, Malaysia and South Africa" *Technopolis '97*; J. Zieminski and J. Warda, "What makes Technopoles Tick: A Corporate Perspective" *Technopolis '97*.

⁶⁰Roy, "Powerful Synergy for Maximum Growth", p. 6.

⁶¹*Ibid.*

This understanding of governance points to the state as an 'animateur' of local/regional growth through its ability to empower intermediary institutions between the state and market. The state is characterized by an 'associational repertoire' which position its role as the primary regulatory mechanism of local economic development.⁶² This notion is fleshed out further by Ash Amin who develops 'general axioms of economic governance': (i) a preference for policy actions which increase networks of associations, (ii) the need to encourage voice, negotiation and procedural rationalities of behaviour in order to secure a strategic vision, learning and adaption, (iii) the necessity to mobilize a plurality of autonomous organizations, (iv) the stress on institutional thickness, and (v) that solutions have to be context specific and sensitive to local path dependencies.⁶³

Thus, our understanding of the politics of local economic development is enhanced by the focus on local governance which the new industrial space literature highlight. This horizontal mode of policy coordination operates in the shadow of hierarchy, and reinforces the role of meta-governance at the local level. Conceivably, the state can act as an animateur or meta-broker either through an arms-length organization such as a public-private economic development agency, or in more formalized institutionalized settings of local government.⁶⁴

⁶²Cooke and Morgan, *The Associational Economy: Firms, Regions and Innovation* (Oxford: Oxford University Press, 1998), p. 22-23. The authors also underline the continuing significance of nationally structured institutions, conventions and systems of interactive learning (p. 24-29).

⁶³A. Amin, "An Institutional Perspective on Regional Economic Development" *International Journal of Urban and Regional Research* 23/2 (1999), p. 367-368.

⁶⁴In the case of Ottawa for example, there has been considerable debate as to the appropriate institutional locus of meta-governance.

Regardless of the specific institutional nuances of governance, it is evident that the new industrial literature is useful in uncovering the relationship between civil society and formal government structures within the local state

While this literature is important in highlighting the shift to governance at the local level, it is limited in its ability to fully conceptualize the strategic reorientation and structural transformation of the local state.⁶⁵ Firstly, 'learning regions', 'technopoles', 'Marshallian agglomerations' etc. are usually employed as epistemological and ontological givens.⁶⁶ That is, it reduces capitalism's de- and reterritorialization to a global "mosaic of regional agglomerations".⁶⁷ This obscures the way in which the local/urban scale is constituted through the scalar restructuring of capitalist territoriality. Consequently, it also downplays the way in which the state itself has been hollowed-out as it attempts to forge and sustain

⁶⁵In some cases the role of the state is almost absent in explaining local/regional growth. In reviewing the 'rediscovery of the region', Michael Storper for example, mentions the state only in passing. M. Storper, *The Regional World: Territorial Development in a Global Economy* (NY: Guilford Press, 1997), p. 285; and M. Storper, "The resurgence of regional economics: Ten years later" in T. Barnes and M. Gertler (eds) *The New Industrial Geography: regions regulation and institutions* (London: Routledge, 1999), p. 23-53. For critiques of this literature see: M. Jones and G. MacLeod, "Towards a regional renaissance? Reconfiguring and rescaling England's economic governance" *Transactions of the Institute of British Geographers* 24/3 (1999), p. 299; J. Lovering, "Theory led by policy: The Inadequacies of the New Regionalism" *International Journal of Urban and Regional Research* 32/2 (1999), p. 379-395; G. MacLeod and D. Goodwin, "Space, scale and state strategy: rethinking urban and regional governance" *Progress in Human Geography* 23/4 (1999), p. 514; J. Peck and A. Tickell, "Local Modes of Social Regulation? Regulation Theory, Thatcherism and Uneven Development" *Geoforum* 23/3 (1992), p. 351.

⁶⁶MacLeod and Goodwin, "Space, scale and state strategy", p. 504

⁶⁷See for example, Scott, *Technopolis*, p. 27.

successful political projects and spatio-temporal fixes.⁶⁸

Secondly, the overtly prescriptive approach to the state which this literature exhibits tends to obscure any appreciation of the 'politics' around local attempts to 'grow the next silicon valley'. Few insights into the contested nature of urban politics and local economic development cohering around these new industrial spaces are evident. This is primarily due to the empowering, progressive lustre attributed to innovative milieu.⁶⁹ Questions of power are therefore marginalized. The re-scaling of institutional forms of the state mediated by the shift from government to governance, may actually mask a 'new authoritarianism' based around political exclusion, declining democratic accountability and market-imposed definitions of social citizenship.⁷⁰

To develop a conceptual framework for understanding the local specificity of the rescaled capitalist state, it is necessary to go beyond this limited understanding of the 'political moment'. The next section locates this local specificity of the state in what is termed, a 'local mode of governance'.

⁶⁸G. MacLeod and D. Goodwin, "Reconstructing urban and regional political economy: on the state, politics, scale and representation" *Political Geography* 18/6 (1999), p. 716. As Brenner notes, the global city literature has also inadequately theorized the state, in that the reconfiguration of the state itself as a precondition for the expanded reproduction of capital accumulation on a global scale is missing in most accounts; Brenner, "Global Cities, glocal states", p. 3..

⁶⁹Lovering, "Theory led by policy", p. 390.

⁷⁰See Swyngedouw, "Authoritarian governance"; Swyngedouw, "Neither Global nor Local"; and Swyngedouw "Reconstructing Citizenship, the Re-scaling of the State and the New authoritarianism: Closing the Belgian Mines" *Urban Studies* 33/8 (1996), p. 1499-1521.

3.3] The Local Mode of Governance: Locating the Local State.

This section situates the urban specificity of the 'glocal' state within a mediating theoretical framework provided by local mode of governance. A local mode of governance attempts to capture the nature of urban political space and its relationship to socio-economic processes. In broad terms it signifies the local specificity of the capitalist state as an always historically contingent and socio-spatial construction of capitalist territoriality. Methodologically it opens up the 'local' to critical analysis within the study of political economy.⁷¹ Although locale-based, the local mode of governance recognizes the interrelationship and interpenetration between spatial scales, such that local politics cannot be understood in isolation from processes occurring at other scales. The local state is therefore a site for the generation of accumulation strategies, though the form that these urban/regional strategies assume in relation to higher state scales and global accumulation can only be uncovered through concrete research. The contours of 'local hegemonic' or 'local state' projects also reveal themselves in the course of empirical research.

The notion of governance signifies that relations of power are both (potentially) horizontal as well as hierarchical, and that local politics is constituted by more than the sum

⁷¹The employment of this term signifies what Jessop terms, a 'method of articulation', which involves both the 'concretization' and complexification' of the research process. At the most abstract level of analysis, for example is 'capitalism', and the 'state'. Less abstract are terms such as Fordism and post-Fordism which attempt to characterize some of the regularities and general features of the capitalist mode of production in a given historical period. A local mode of governance provides a further concretization, where links can be drawn between conjunctural aspects and higher level concepts cohering at the urban level. See Jessop, *State Theory*, p.11, p.76.

of local government institutions.⁷² The constellation of social relations, and the discursive practices employed in governance processes and structures also participate in the construction of urban space itself. It should therefore be possible to delineate the lines of contestation around the accumulation strategies which are designed to ensure some degree of structured coherence at the local level.

The spatialized reframing of the state elaborated in section 3.1 will be reinforced by those insights which have attempted to directly engage with the local as political space, in order to ground our discussion of the local mode of governance. Specifically, urban regime/growth coalition theory, together with the more overtly structuralist Regulationist literature, provide the foundations for a re-examination of the local state in light of the rescaled process of glocalization. The next section argues that this glocal rescaling has been embodied in the manifestation of a new entrepreneurial local state. First however, it is necessary to briefly review the theoretical interest in the local state which the rescaling of capitalist territoriality has precipitated.

Up until the mid-1980s the dominant critical analyses of urban politics were concerned with issues of social reproduction.⁷³ This reflected the empirical observation that

⁷²The extent of governance is itself historically contingent, since there is arguably relatively more 'governance' in the sense of coordinating policy and administrative practice beyond the formal institutions of municipal government in the contemporary period. In this regard, governance can be understood in two ways: firstly, as a generic term capturing a transhistorical notion of state power; secondly, in more narrow terms embodying the flattening-out of the state in the contemporary era.

⁷³It was the neo-Marxist challenge to traditional geography in the 1970s exemplified in the work of Manuel Castells and David Harvey which opened up the 'urban question' to critical inquiry. Harvey's *Social Justice and the City* highlighted the relationship between urban spatial form and social processes, while Castells' *The Urban Question* foreground

the overriding occupation of the local state was with issues of collective consumption and social welfare provision. Paralleling the wider debates about the capitalist state in general, the 'local state' was introduced into social discourse.⁷⁴ Inspired by Poulantzas' reading of Althusserian structuralism, Cynthia Cockburn argued that local government is a "key part of the state in capitalist society".⁷⁵ The local state existed for the management of families and organization locally, but did not differ from the wider capitalist state in terms of its role as a relatively autonomous instrument of class domination. This functional separation between the local and the central state found its fullest expression in the 'dual state thesis' popularized by Saunders.⁷⁶ In this view, the central state was primarily concerned with capital accumulation, and therefore mediated a class politics based on production.

urban social movements and issues of collective consumption. M. Castells, *The Urban Question* (Mass: MIT Press, 1972); D. Harvey, *Social Justice and the City* (London: Edward Arnold, 1973). For an overview of critical conceptualizations of urban processes see Brenner "The Urban Question".

⁷⁴First introduced by Cockburn's seminal neo-Marxist study of the local London borough of Lambeth, debates around the local state have also echoed the wider concerns around instrumentalism, structuralism, autonomy and so forth; C. Cockburn, *The Local State: Management of Cities and People* (London: Pluto Press, 1977). For an alternative, neo-Weberian perspective on the local state see T. Gurr and D. King, *The State and the City* (London: MacMillan Educational Ltd, 1987). For a general review of theories of the local state and urban politics see also M. Goldsmith, "Urban Politics, the State and Capitalist Society" in Judge, Stoker and Wolmer (eds) *Theories of Urban Politics* (London: Sage, 1995), p. 229-252; D. Judge, G. Stoker and H. Wolmer, "Urban Politics and Theory: An Introduction" in Judge, Stoker and Wolmer (eds) *Theories of Urban Politics*, p. 1-12; and G. Stoker, "Theory and Urban Politics" *International Political Science Review* 19/2 (1998), p. 119-129.

⁷⁵C. Cockburn, *The Local State*, p. 41.

⁷⁶P. Saunders, *Social Theory and the Urban Question* (London: Hutchinson, 1981).

Conversely, the local state served as a conduit for a politics based around consumption.⁷⁷

As critics observed however, while the production/consumption dualism may have provided insights into some empirical issues underlining urban politics, as a general theory of the local state it proved to be inadequate.⁷⁸ Firstly, treating the local state as a (functionally separate) instrument of the nation state obscures the way in which the local state is also an object of regulation of higher state tiers.⁷⁹ This is particularly relevant when we consider the contemporary restructuring of the local state in relation to the glocal re-scaling of capital accumulation. Not only is this restructuring being authored by the local creation of endogenous accumulation strategies, but also by the policies and strategies of higher tiers of the state.⁸⁰ This restructuring from above is often contested both by local actors, and the local state itself. In the Ontario context this has been exemplified in local

⁷⁷In the Canadian context, Stevenson located the historically contingent division of state functions (accumulation, legitimization and coercion), within the federal system, principally the federal-provincial relationship. See G. Stevenson, "Federalism and the political economy of the Canadian State" in L. Panitch (ed) *The Canadian State: Political Economy and Political Power* (Toronto: University of Toronto Press, 1977), p. 71-100.

⁷⁸S. Duncan and M. Goodwin, "The Local State and Restructuring Social Relations: Theory and Practice" *University of Sussex Working Paper No 24* (1980); Gurr and King, *The State and the City*; Magnusson, "Urban Politics and the Local State".

⁷⁹Duncan and Goodwin, "The Local State and Restructuring Social Relations", p. 7. The authors, drawing from Miliband, argue that the local state is both an instrument of central control and an obstacle to this control.

⁸⁰In the United Kingdom for example, the entrepreneurial reorientation of the local state has primarily been imposed from above by the central state. This centrally orchestrated "co-opting of business elites through national government patronage", contrasts with a more overtly local activism of entrepreneurialism found elsewhere; MacLeod and Goodwin, "Space, scale and state strategy", p. 509. As the following chapters will explain, the development of urban entrepreneurialism in Ottawa is a product of both a local policy community, and the constraints/opportunities provided by higher state tiers.

municipal opposition to provincial downloading of both new functional responsibilities and their funding. The RMOC has also been particularly vocal in its opposition to the provincially mandated local workfare arrangements instituted by Premier Mike Harris. Local political restructuring has been a further source of contention between the provincial government and the local state. The creation of the new City of Ottawa has generated a great deal of animosity between local residents and politicians and their provincial counterparts, not only in opposition to this political restructuring but more recently over Ottawa's share of the costs of amalgamation.⁸¹

Secondly, the reification of functions at the local level proves problematic when we consider the increasing focus on economic development which local states across the industrialized world have shown. During the 1980s, a new literature began emerge in the United States to examine the politics of local economic development centring around business revitalization of downtown cores, the growing interurban competition for new investment and wider conflicts around (re)development. This reexamination of urban politics in the context of globalization was prompted by the 'growth machine' and 'urban regime' literature.⁸²

⁸¹The province has recently announced that only 50% of the 189m in transition costs will be covered by the provincial government. This figure differs from the 75% assumed by the Transition Board drawn to oversee the amalgamation process. Not only will this increase the debt load of the new city thereby delaying any expected costs savings associated with amalgamation, but it is also expected to be a significant constraint on infrastructure development which many see as essential to Ottawa's immediate economic development. C. Wheeler, "Ontario to foot half \$189m transition costs" *Ottawa Citizen Online* www.ottawacitizen.com February 8 (2001).

⁸²On growth machines see A. Jonas and D. Wilson eds *The Urban Growth Machine*; J. Logan and H. Molotch, *Urban Fortunes: The Political Economy of Place* (Berkeley:

Briefly, the basic thesis of both the growth machine and urban regime literature is that the construction of local economic development matters in urban politics. The growth machine thesis centred around coalitions of land-based elites and local government officials which were said to drive urban politics.⁸³ Rather than asking who governs, urban regime analysis asks "how and under what conditions do different types of governing coalitions emerge, consolidate and become hegemonic or devolve and transform".⁸⁴ By examining the structure and strategies of different coalitions it is possible to develop a typology of the constellations of social relations vis-à-vis local urban politics. Stone for example, in his seminal study of Atlanta identified corporate, progressive and caretaker regimes.⁸⁵

Inspired by both the urban regime and growth machine literature, Pierre develops four models of urban governance which describe different value beliefs and constellation of interests at the local level: (i) corporatist; local government as a political and democratic system for inclusion of social groups and organized interests, (ii) managerial; local

University of California Press, 1987). On urban regime analysis see S. Fainstein and N. Fainstein (eds) *Restructuring the City: The Political Economy of Urban Development* (NY: Longman, 1986); M. Lauria (ed) *Reconstructing Urban Regime Theory*; R. Hula, "The State Reassessed: The Privatization of Local Politics" in E. Goetz and S. Clarke (eds) *The New Localism: Comparative Urban Politics in a Global Era* (London: Sage, 1993), p. 22-45; C. Stone, *Regime Politics*, (Kansas: University of Kansas, 1989).

⁸³The major critique of the growth machine thesis is the overemphasis on the role of property in constituting the institutional basis of local economic development; B. Jessop, J. Peck and A. Tickell, "Retooling the Machine: Economic Crisis, State Restructuring and Urban Politics" in A. Jonas and D. Wilson (eds) *The Urban Growth Machine Two Decades Later* (Albany: State University of New York Press, 1999), p. 146

⁸⁴M. Lauria, "Introduction: Reconstructing Urban Regime Analysis" in Lauria (ed) *Reconstructing Urban Regime Theory*, p. 1.

⁸⁵Stone, *Regime Politics*.

government seen as a public organization resolving collective needs and interests through service production and delivery; (iii) pro-growth; close public-private interaction oriented towards local economic development, and (iv) welfare; local elites embedded in a passive state policy and stagnant local economy.⁸⁶ Our discussion of the entrepreneurial reorientation of the local state towards economic development clearly fits within a pro-growth model of governance outlined by Pierre. As he argues however, his four models are not necessarily mutually exclusive. Indeed it is possible to envision a pro-growth entrepreneurial strategy informed by an inclusive, participatory local urban regime, as it is to picture it dominated by narrow business and political interests.

Therefore the conceptual leverage of this growth machine/urban regime literature is, firstly the way in which economic development is underlined as a key determinant of urban politics. Secondly, and reiterating the key insight of the new industrial space literature, both point to the role of cooperation between business leaders and public officials in the construction of local economic development policies. This underlines our discussion of governance, where the local state is best understood as an interface between formal local government institutions and civil society. Thirdly, the development of explicit local economic development strategies may point toward uncovering hegemonic projects cohering at the local level.⁸⁷ That is to say, to be successful, an urban regime or growth coalition must

⁸⁶J. Pierre, "Models of Urban Governance" *Urban Affairs Review* 34 (1999), p. 372-396.

⁸⁷Jessop's neo-Gramscian inspired notion of an hegemonic project was formulated within a 'national-popular' context. Spatializing this concept concomitant with the relativization of scale allows us to apply this to the local level. Just as nationally inscribed hegemonic projects are intimately related to the social construction of the national scale

attempt to reconcile particular interests and claims of social groups within some identified vision of the city. This local state project will incorporate some groups and marginalize others. It may also involve non-economic elements such as a conservative social policy agenda aimed at delegitimizing the claims of the poor, homeless and other disadvantaged groups. Conversely, the hegemonic project underpinning an urban regime may be predicated on an expansive notion of community involvement and a broader definition of economic development to incorporate social goals. In a similar vein, Jessop argues that the reimagining of urban space in the entrepreneurial city may take place in a local governance structure dominated by business interests, one defined by a neo-corporatist arrangement, or an more expansive community based coalition.⁸⁸

A central limitation of this literature however, is an inadequate theorization of space, together with an excessive agency centred localism.⁸⁹ Space is treated as inert, where the urban is merely a passive backdrop to politics. Echoing a criticism of the new industrial

itself, so to one can think of a local hegemonic project and its structurally coupled accumulation strategy as being implicated in the demarcation of the 'local' as political space.

⁸⁸B. Jessop, "The Entrepreneurial City: Re-Imaging Localities, Redesigning Economic Governance, or Restructuring Capital" in N. Jewson and S. MacGregor (eds) *Transforming Cities: Contested Governance and New Spatial Divisions* (London: Routledge, 1997), p. 31.

⁸⁹See A. Cochrane, "Redefining Urban Politics for the Twenty-First Century" in A. Jonas and D. Wilson (ed) *The Urban Growth Machine: Critical perspectives Two Decades Later* (Albany: State University of New York, 1999), p. 109-124; K. Cox, "The Local and the Global in the New Urban Politics" *Environment and Planning D: Society and Space* 11 (1993), p. 433-448; Jessop, Peck and Tickell, "Retooling the Machine" MacLeod and Goodwin, "Space, scale and state strategy"; Ironically, for Kevin Cox, this literature also goes too far in substituting economic development for collective consumption as key determinants of urban politics (p. 446).

space's treatment of the governance, there is little contextualization of how the local scale interacts with other spatial scales, particularly other tiers of the state. Ironically, since this thesis argues that the local has now become an important site for theoretical and empirical engagement, this literature is 'too local'. Rather, a political economy approach sensitive to space is needed to "explore the dialectic among different spatial scales of economic and political organization and emphasize the mutual constitution of structure and agency across different levels".⁹⁰

A more useful approach to situating the local state in the context of capitalist restructuring, and one that recognizes the scalar reordering of the state in general, has come from the efforts to spatialize Regulation theory concomitant with global-localization.⁹¹ The methodological thrust of Regulation theory is to identify regularities and systemic features of particular historical epochs in capitalist development. Regulation theory is able to uncover the nature of the structural coupling between a particular configuration of

⁹⁰Jessop, Peck and Tickell, "Retooling the Machine", p. 142-143.

⁹¹See M. Goodwin, S. Duncan and S. Halford, "Regulation Theory, the Local State, and the transition of Urban Politics" *Environment and Planning D: Society and Space* 11 (1993), p. 67-88; A. Jonas, "Local Labour Control Regimes: Uneven Development and the Social Regulation of Production" *Regional Studies*, 30/4 (1996), p. 323-338; M. Jones, "Partnerships as Models of Economic Governance: A Regulationist Perspective" in N. Walzer and B. Jacobs (eds) *Public-Private Partnerships for Local Economic Growth* (Connecticut: Praeger, 1998), p. 205-226; M. Jones, "Spatial Selectivity of the State? The Regulationist Enigma and Local Struggles Over Economic Governance" *Environment and Planning A* 29/5 (1997), p. 831-864; R. Keil and K. Ronneberger, "Going up country: internationalization and urbanization on Frankfurt's northern fringe" *Environment and Planning D: Society and Space* 12/2 (1994), p. 137-400; Mayer, "Post-Fordist City Politics" in Amin (ed) *Post-Fordism*, p. 316-337.; Peck and Tickell, "Searching for a New Institutional Fix"; Peck and Tickell "Local Modes of Social Regulation"; Swyngedouw, "Neither Global nor Local".

production and consumption (regime of accumulation) and the matrix of norms, habits and regulatory networks (mode of regulation) which ensure the successful reproduction of capitalist accumulation.⁹² The emphasis on the extra-economic dimension of regulation underscores the key role of the state in forging the structured coherence of capitalism. Moreover, the notion of regulation coheres with that of governance, since regulation occurs beyond the formal boundaries of directly elected offices of government.⁹³

Scaling of Regulation theory therefore enables us to situate governance at different spatial levels.⁹⁴ For example, Peck and Tickell discuss 'local modes of social regulation', which provide for distinct subnational couplings of accumulation and regulation.⁹⁵ In this manner, a link is made between local politics and broader economic tendencies embodied in post-Fordist forms of socio-spatial relations.

Contemporary sophisticated analyses of the local state and urban politics have built upon the insights of both the agency-centred growth machine/urban regime literature and

⁹²Our previous examination of the relationship between Fordism and its regulatory counterpart - the Keynesian Welfare State can readily be understood in these terms.

⁹³For a discussion of governance and its relationship to Regulation theory, see Jessop, "The Regulation Approach".

⁹⁴Jones suggests that efforts to spatialize Regulation theory represent the 3rd generation of innovation within this heuristic framework. Earlier Regulationists tended to situate the wage relation, labour process and regulatory practices firmly within a national framework, thereby replicating the territorial trap discussed earlier. Second generation efforts, witnessed a recognition of the international dimensions of regulation and the state's insertion into an international system. The latest insights have opened up the 'local' for regulationist-inspired analysis; Jones, "Spatial Selectivity of the State?", p. 831-832.

⁹⁵Peck and Tickell, "The social regulation of uneven development: 'regulatory deficit, England's South East, and the collapse of Thatcherism" *Environment and Planning A* 27/1 (1995), p. 21.

structuralist informed re-scaled Regulation theory.⁹⁶ This relationship between structure and agency suggest that:

[l]ocal economic and political elites may well make their own history but they do not do so in circumstances of their own choosing nor, indeed, in circumstances that they can ever fully comprehend. Of crucial significance in this regard are cities' positions within the spatial division of labour (itself a complex, overdetermined phenomenon) and the institutional forms and wider political forces that shape local politics (likewise complex and overdetermined)".⁹⁷

A neo-Gramscian reading of the state presented in section 3.1 further allows us to mediate the relationship between the extra-local forces which bear down on local actors as both opportunities and constraints.⁹⁸ In this regard, an urban regime, or growth coalition, is reinterpreted as a "strategically selective combination of political society and civil society, of government and governance, of 'hegemony armoured by coercion'".⁹⁹ Such a perspective

⁹⁶On the cross-fertilization between urban regime theory and regulation theory see the edited volume by Lauria (ed), *Reconstructing Urban Regime Theory*. On the utility of growth machines see Jonas and Wilson (eds) *The Urban Growth Machine*.

⁹⁷Jessop, Peck and Tickell, "Retooling the Machine", p. 148.

⁹⁸See C. Collinge and S. Hall, "Hegemony and Regime in Urban Governance: Towards a theory of the locally networked state" in Jewson and MacGregor (eds) *Transforming Cities*, p. 130-140; Jones, "Spatial Selectivity and the State"; MacLeod and Goodwin, "Space, scale and state strategy"; Jessop, Peck and Tickell, "Retooling the Machine". Similarly, Keil integrates Urban Regime Analysis, Regulation theory and what he terms discourse analysis to frame urban politics; R. Keil, "Globalization makes states". This compensates for the traditional criticism of the Regulation theory's treatment of the political domain, where the tendency was to simply 'read off' the state from the nature of the accumulation regime; Jessop, *State Theory*, p. 311.

⁹⁹Jessop, "A Neo-Gramscian Approach", p. 51.

avoids the sins of economism (reducing changes in state forms to changes in capital accumulation), while simultaneously avoiding any slip into voluntaristic explanations of urban politics. Hence the “introduction and operation of the new institutions and processes of urban and regional governance can be positioned within a wider set of social and political forces, and can be understood as part of the continuing attempts to forge and sustain a ‘successful’ political project and scalar fix”.¹⁰⁰ An urban ‘universe of political discourse’ thus mediates the structural processes of globalization and state restructuring with their translation into local accumulation strategies.

Drawing heavily from the preceding discussion, the subsequent chapters elaborate the strategic reorientation of the local state in Ottawa towards economic development through the lens afforded by the mode of local governance. As a way of framing the local state, this concept foregrounds local political power, both in its general sense, and in the way in which politics resides in the historically contingent interface between urban civil society and municipal government.¹⁰¹ It is contingent, since there has arguably been an institutional decomposition in the local state associated with the shift from government to governance in the contemporary period. The local mode of governance is premised on an approach to political economy which rests on a spatialized understanding of the state in general, where higher scales are embedded in various ways in the local milieu.

¹⁰⁰Goodwin and MacLeod, “Space, scale and state strategy”, p. 515-516.

¹⁰¹As a conceptual framework for interrogating the local state, no *a priori* determination of functions is attributed to the local, whether in production/consumption or accumulation/legitimation terms. Of course it is still useful to employ these dualism as entry points into highlighting empirical transformations in local governance.

The term 'mode' also invites the relational construction of both cross-sectional and temporal typologies of local governance. Different urban regimes, or growth coalitions reflect diverging approaches to governance, premised on particular configurations of power and influence at the local level. This thesis's case study approach however, grounds the local specificity of the state in a periodization of local governance. The strategic reorientation and structural transformation of the local state is embodied in the movement from a managerial mode of governance to one characterized as entrepreneurial. The next section elaborates the nature of this paradigmatic shift.

3.4] From Managerialism to the Entrepreneurial Local State..

Evidence from an ever growing international literature on local politics clearly suggests that a key feature of the contemporary re-scaling of urban space is the importance attached to a pro-active economic development strategy for the health of the local community. Indeed, this strategic reorientation of the local state to economic development is the defining feature of a nascent *entrepreneurial local mode of governance*.¹⁰² This signals a change in the

¹⁰²This is also variously described as the emergence of an entrepreneurial city: T. Hall and P. Hubbard (eds) *The Entrepreneurial City: Geographies of Politics, Regime and Representation* (UK: John Wiley and Son, 1998); Jessop, "The Entrepreneurial City"; Keil, "Globalization makes states"; E. Malecki, *Technology and Economic Development: the Dynamics of Local, Regional and National Competitiveness* (Essex: Longman, 1997); Mayer, "Post-Fordist City Politics"; an entrepreneurial local State: P. Eisinger, *The Rise of the Entrepreneurial State: State and Local Economic Development Policy in the United States* (Wisconsin: University of Wisconsin Press, 1988); entrepreneurialism in urban government: D. Harvey, "From managerialism to entrepreneurialism: the transformation in urban governance in late capitalism" *Geografiska Annaler B* 71/1 (1989), p. 3-18; and an opportunistic local state: Clarke, "Economic Development Roles in American Cities: A

function of the local state from that of a "redistributive local arm of the welfare state" to acting as a catalyst of processes of innovation and cooperation, which it seeks to steer in the direction of improving the city's (or community's) economic and social situation".¹⁰³ This section will define the lineaments of this tendential shift in local governance.

In section 3.1 transformations in the form and function of the state were situated within the current round of socio-spatial restructuring associated with the glocalization/glurbanization of capital accumulation. This re-scaling of state power has brought into sharp relief the way in which urban spaces have become active constituents which both 'mirror' and 'mould' glocalizing processes.¹⁰⁴ This socio-spatial dialectic reflects both the way in which globalization is 'making states', and how these new local/regional states are being mobilized to promote "this geographical reconcentration of capital and to exercise control over the urban spaces in which it occurs".¹⁰⁵ Through the employment of local accumulation strategies oriented towards global markets, the local state has become an important site in the forging of structural coherence.

The qualitative reorganization of the structural capacities and strategic reorientation of the state underline the unravelling of the Fordist-Keynesian institutional couplet. At the

Contextual Analysis of Shifting Partnership Arrangements" in Walzer and Jacobs (eds) *Public-Private Partnerships*, p. 19-45; S. Clark and G. Gaille, *The Work of Cities* (Minneapolis: University of Minnesota Press, 1998).

¹⁰³Mayer, "Post-Fordist City Politics", p. 326.

¹⁰⁴T. Hall and P. Hubbard, "The Entrepreneurial City: new urban politics, new urban geographies?" *Progress in Human Geography* 20/2 (1996), p. 159.

¹⁰⁵Brenner, "Beyond state-centrism", p. 51.

local level, urban spaces have become increasingly disarticulated from their national economies as the coherence of national systems of production has been undermined. This is most evident in the rise of global/world cities, but also in cities lower down the global urban hierarchy. Global(izing) cities are now important sites in which the script of globalization is being written, and concomitantly, urban politics provides the forum where this global-local nexus is being produced.¹⁰⁶ Urban politics is now embedded in a 'new local opportunity structure', which ties nascent industrial spaces to the 'international opportunity structure' of globalization.¹⁰⁷ This new local opportunity structure includes: (i) the redistribution of local influence and the access to influence, (ii) the reconstruction of civil society and the emergence of 'shadow state' public-private partnerships and local development groups, and (iii) the privatization of public authority.¹⁰⁸

This new local opportunity structure can be conceptualized in broad terms as embodying the paradigmatic shift from 'managerialism' to 'entrepreneurialism' at the level of the urban governance.¹⁰⁹ As Brenner argues, local states are now no longer the

¹⁰⁶R. Keil, *Los Angeles: Globalization, Urbanization and Social Struggles* (UK: John Wiley and Sons, 1998), p. 13.

¹⁰⁷S. Clarke, "The New Localism: Local Politics in a Global Era" in Goetz and Clarke (eds) *The New Localism*, p. 8.

¹⁰⁸*Ibid.*

¹⁰⁹Brenner, "Globalisation as Reterritorialisation"; Harvey, "From managerialism to entrepreneurialism"; Hall and Hubbard "The Entrepreneurial City"; P. Hubbard and T. Hall, "The Entrepreneurial City and the 'New Urban Politics'" in Hall and Hubbard (eds) *The Entrepreneurial City*, p. 1-26; B. Jessop, "The Narrative of Enterprise and the Enterprise of Narrative: Place Marketing and the Entrepreneurial City" in Hall and Hubbard (eds) *The Entrepreneurial City*, p. 77-99; Jessop, "The Entrepreneurial City", p. 28-42; M. Mayer, "Post-Fordist City Politics".

“managerial agents of nationally scaled collective consumption programmes but serve as entrepreneurial agencies of ‘state-financed capital’ orientated towards maintaining and enhancing the locational advantages of their delineated territorial jurisdictions”.¹¹⁰ Thus, under the generic Fordist model, the managerial local state served primarily as a relay point for national Keynesian Welfare policies and their specific microlevel adaption to local circumstances.¹¹¹ Local authorities also tended to adopt a passive or reactive approach to economic growth and technological change.¹¹² Economic development was narrowly defined to land-use policy, provision of physical infrastructure and property-led development to enhance the local tax base.

The specific embodiment of managerialism varied between national social formations. The United Kingdom, with its unitary system involved a more unmediated relationship between the central state and its local counterpart in the relay of collective consumption and social welfare. Canada’s federal system meant that the local state was primarily a relay for provincial state policies given the constitutional division of responsibilities between the provincial and national scales.¹¹³ Canada and the United States

¹¹⁰Brenner. “Globalisation as Reterritorialisation”, p. 446.

¹¹¹Jessop, Peck and Tickell, “Retooling the Machine”, p. 150.

¹¹²Malecki, *Technology and Economic Development*, p. 258.

¹¹³In the literature on local government in Canada this is also known as ‘entanglement’, where all tiers of government were imbricated in a web of shared cost programmes at the local level; see K. Graham, S. Phillips and A. Maslove, *Urban Governance in Canada: Representation, Resources and Restructuring* (Toronto: Harcourt Brace Canada, 1998), chapter 8. While the local state may have acted as the delivery agent for higher scaled policies of collective consumption, Magnusson points out that local control over these programmes was tenuous at best. Urban politics in Canada was therefore more

also have a longer tradition of civic economic boosterism than in the United Kingdom for example.¹¹⁴ That is, attempting to entice firms to relocate in a particular jurisdiction using the tax and regulatory authority of local government.¹¹⁵ As Clark and Gaille point out in the US context, while "cities continue a historical tradition of local economic intervention...the magnitude and mode of intervention are changing dramatically in response to a changing worldview at the local level".¹¹⁶

The nature and scope of this intervention defines a new urban entrepreneurialism, where the local state becomes more directly involved in organizing and coordinating private capital accumulation.¹¹⁷ While the extent and timing of the shift to entrepreneurialism is

likely to be structured around development issues than collective consumption; W. Magnusson, "Urban Politics and the Local State" *Studies in Political Economy* 16 (1985), p. 130. Although, as the next chapter will show, a politics of collective consumption did emerge in Ottawa during the 1970s and early 1980s; see C. Andrew, "Ottawa-Hull" in W. Magnusson and A. Sancton (eds) *City Politics in Canada* (Toronto: University of Toronto Press, 1983), p. 140-165.

¹¹⁴Harvey, "From managerialism to entrepreneurialism", p. 5.

¹¹⁵In Canada, the passage and amendments to various Municipal Acts by provincial governments has circumscribed the competitive interjurisdictional bidding for economic activity. For example, bonussing, the practice of tax breaks to firms seeking to relocate has been prohibited in Ontario since the 1920s; see Graham, Phillips and Maslove, *Urban Governance in Canada*, p. 229; M. Gertler, "Economic Development" in R. Loreto and T. Price (eds) *Urban policy Issues: Canadian Perspectives* (Toronto: McClelland and Stewart Inc, 1990), p. 43.

¹¹⁶Clark and Gaille, *The Work of Cities*, p. 8.

¹¹⁷For studies which either dispute, or at least question this paradigm shift from managerialism to entrepreneurialism see: T. Hall, *Urban Geography* (London: Routledge, 1998); Hall and Hubbard, "The Entrepreneurial City"; Hubbard and Hall "The Entrepreneurial City and the 'New Urban Politics'"; and R. Imrie and M. Raco, "How new is the new local governance? Lessons from the United Kingdom" *Transactions of the Institute of British Geographers* 24/1(1999), p. 45-63.

debatable, "it is difficult to dispute the general direction and emphasis of the New Urban Politics".¹¹⁸ Elements of this interventionism include: the development of strategic economic development plans, subsidies for innovation and growth, public resources for research and development, creation of business parks and high-tech campuses, the greater absorption of risk taking by the local public sector, consulting and technology transfer, downtown redevelopment, the priority given to market feasibility studies over social criteria and the growth of place marketing of cities in the global economy.

The new entrepreneurialism is also manifested in institutional changes within local government such as the creation of new economic development units and fundamental structural change in formal municipal boundaries. The fragmentation of the local state through the proliferation of inter-agency networks, urban development corporations, technology and training councils, local roundtables and various forms of other collaboration has meant that the creation and implementation of economic development is increasingly undertaken at the messy interface between the state and civil society. The sphere of local political action is therefore widened to include private and semi-private actors. This strategic reorientation of the local state towards economic development also involves a productivist reordering of social policy where welfare is redefined in terms of local economic success, rather than universal entitlements to social services.¹¹⁹

This shift in the modalities of governance has been well documented in trans-Atlantic

¹¹⁸A. Wood, "Organizing for Local Economic Development: The Growth Coalition as a Cross-National Comparative Framework" in Jonas and Wilson (eds) *The Urban Growth Machine*, p. 164.

¹¹⁹A. Cochrane, "Redefining Urban Politics for the Twenty-First Century", p. 115.

studies of the local state. In the United Kingdom the rise of Training and Enterprise Councils (TECs) and Urban Development Corporations (UDCs) during the 1980s signalled an effort by the Conservative government of Margaret Thatcher to radically restructure the local state.¹²⁰ The immediate context for this strategic selectivity of urban spaces was the urgent requirement for urban renewal of Britain's cities in the wake of the crisis of Fordism.¹²¹ This urban regeneration centred around the creation of an 'enterprise zone' programme to encourage firms to locate in a particular area and the UDC programme, where central government agencies were directly implanted upon designated areas and run by an appointed board of directors from the local business sector. The immediate consequence of these "centrally sponsored local institutions"¹²² has been that the "terrain of local government has progressively left the public domain since the 1980s".¹²³ The rise of a 'non-elected local

¹²⁰See C. Andrew and M. Goldsmith, "From Local Government to Local Governance - and Beyond" *International Political Science Review* 19/2 (1998), p. 101-117; A. Cochrane (1994) "Restructuring the Local Welfare State" in R. Burrows and B. Loader (eds) *Towards a Post-Fordist Welfare State?* (London: Routledge, 1994), p. 117-135; M. Goodwin and J. Painter, "Concrete Research, Urban Regimes and Regulation Theory" in Lauria (ed) *Reconstructing Urban Regime Theory*; Hall, *Urban Geography*; T. Hart, G. Haughton and J. Peck, "Accountability and the Non-elected Local State: Calling training and Enterprise Councils to Local Account" *Regional Studies* 30/4(1996), p. 429-441; Imrie and Raco, "How new is the new local governance?"; Jones, "Spatial Selectivity of the state"; Lovering, "Theory led by Policy"; MacLeod and Goodwin "Space, scale and state strategy"; K. Ward, "A Critique in search of a corpus: re-visiting governance and re-interpreting urban politics" *Transactions of the Institute of British Geographers* 18 (2000), p. 169-185.

¹²¹In addition, the restructuring of the local state clearly embodied an ideological project of disempowering the formal apparatus of local government which had been traditionally the preserve of the Labour party.

¹²²Jones, "Spatial Selectivity of the state?", p. 833.

¹²³Hall, *Urban Geography*, p. 60.

state', the 'new magistracy' of the 'quango state' and a 'democratic deficit' have all said to mark the shift to entrepreneurialism in the United Kingdom.

The election of New Labour in 1997 shifted the focus from strategic localism, whereby cities were seen as the most appropriate scale for central government intervention, to a regional focus centred around Regional Development Agencies (RDAs) and political devolution for Scotland, Wales and Northern Ireland.¹²⁴ For MacLeod and Goodwin, these moves represent the "latest in a series of iterative attempts at 'state-building' - designed like the others to impart a strategic direction, and a form of 'programmed spatiality'".¹²⁵

In the United States this shift from government to governance has also been identified, although localities themselves have been the major authors of this change.¹²⁶ While there had been a tradition of local involvement vis-à-vis economic development, in the face of declining resources, and economic restructuring in the 1980s, the local state adopted a more overtly entrepreneurial attitude.¹²⁷ With the emergence of new post-Fordist

¹²⁴See I. Deas and K. Ward, "From the 'new localism' to the 'new regionalism'? The implications of regional development agencies for city-regional relations" *Political Geography* 19/3 (2000), p. 273-292; Jones and MacLeod, "Towards a regional renaissance?"; MacLeod and Goodwin, "Space, scale and state strategy".

¹²⁵MacLeod and Goodwin, "Space, scale and state strategy", p. 518

¹²⁶Although Federal support for local economic has traditionally been weak given the decentralized political system, an increase in Federal funding during the 1970s triggered a growing role for local government in economic development. The subsequent withdrawal of these funds in the 1980s contributed to a fiscal crisis of the local state; Clarke, "Economic Development Roles in American Cities", p. 27; Hula, "The state reassessed".

¹²⁷Clarke, "Economic Development Roles in American Cities"; Clarke and Gaille, *The Work of Cities*; Eisinger, *The Rise of the Entrepreneurial State*; E. Fry, "North American Municipalities and their involvement in the global economy" in P. Krest and G. Gappert (eds) *North American Cities and the Global Economy: Challenges and Opportunities*

industrial spaces, attention to the various underlying factors enhancing innovative milieu became the priority rather than the traditionally narrow focus on zero-sum 'smoke-stack chasing'.¹²⁸ Creating synergistic capacity through cooperation at the local level is juxtaposed to an intensified international economic environment in which cities and regions jostle to pin down global capital in 'place'.¹²⁹ Whether understood in terms of enhancing untraded interdependencies, minimizing transaction costs, or creating institutional thickness, the new 'work of cities', to use Clarke and Gaille's phrase has, in part, been to grow the next Silicon Valley.¹³⁰ While Salt Lake City's 'Bionic Valley', Phoenix's 'Silicon Desert' and Portland's 'Silicon Forest' point to this restructuring of particular local spaces in the context of the new knowledge economy, other cities in the United States are repositioning themselves via "elaborated cultural strategies of economic development".¹³¹

(California: Sage, 1995), p. 21-44.; M. Gottdiener, "Crisis theory and state-financed capital: the new conjunction in the USA" *International Journal of Urban and Regional Research* 14/3 (1990), p. 383-403; Malecki, *Technology and Economic Development*; N. Waltzer and B. Jacobs (1998) "Introduction and Overview" in Walzer and Jacobs (eds) *Public-Private Partnerships*, p. 1-17.

¹²⁸Clarke, "Economic Development Roles in American Cities", p. 24; Malecki, *Technology and Economic Development*, p. 258.

¹²⁹This intensified competition is also facilitating new forms of inter-local or 'intermestic' cooperation with the proliferation of 'twinning' of cities, inter-urban memorandums of understanding and trade delegations of business leaders and local government officials.

¹³⁰Clarke and Gaille, *The Work of Cities*.

¹³¹S. Zukin, "Cultural Strategies of Economic Development and the Hegemony of Vision" in A. Merrifield and E. Swyngedouw (eds) *The Urbanization of Injustice* (NY: New York University Press, 1997), p. 226; see also S. Fainstein and D. Judd, "Cities as Places to Play" in D. Judd and S. Fainstein (eds) *the tourist city* (New Haven: Yale University Press, 1999), p. 261-272; Hubbard and Hall, "The Entrepreneurial City".

The commodification of culture in the entrepreneurial city is manifested through the physical redevelopment of urban space as tourist destinations, together with projection of the city as a sports, entertainment and gambling centre. Exemplified in the gambling meccas of Las Vegas, Atlantic City, and the make-over of New York's Times Square, cities can also become the "dreamscape of visual consumption" in addition to sites of industrial production in the global economy.¹³²

Whether animated by central government policy fiat or driven by local policy communities, the re-imaging of the city as being proactive in promoting the competitiveness of their economic spaces is a "product of convergent public narratives about the nature of key economic and political changes affecting post-war Europe and North America".¹³³ Such changes can be situated within the hitherto discussed material transformations underlying the de and reterritorialization of capital accumulation embodied in glocalization. This re-scaling is also discursively mediated by social actors in representations of the crisis of Fordism and the Keynesian regulatory ensemble. That is, narratives of crisis and restructuring affect political responses to capitalist territoriality. Indeed, these political responses whether embodied in the entrepreneurial local state, or at other spatial scales, also

¹³²Fainstein and Judd, "Cities as Places to Play", p. 7.

¹³³Jessop, "The Entrepreneurial City", p. 30. On the 'narratives' of urban restructuring see also M. Boyle "Growth Machines and Propaganda Projects: A Review of Readings of the Role of Civic Boosterism in the Politics of Local Economic Development" in Jonas and Wilson (eds) *The Urban Growth Machine*, p. 55-70; Jessop, "The Crisis of the National Spatio-Temporal Fix"; Jessop, "The Narrative of Enterprise"; Jessop, Peck and Tickell, "Retooling the Machine"; Hall and Hubbard "The Entrepreneurial City"; Hubbard and Hall "The Entrepreneurial City and the 'New Urban Politics'"; J. Short, "Urban Imagineers: Boosterism and the Representation of Cities" in Jonas and Wilson (eds) *The Urban Growth Machine*, p.37-54.

become implicated in the very construction of these narratives.

Thus, "[t]he restructuring of the capitalist space economy is reflected and embodied in the crisis of urban representation".¹³⁴ This crisis of cities as forms of socio-economic and political organization is reflected in varying degrees through a stagnant local economy, capital flight, plant closures, growing unemployment, decaying inner-city cores and a shrinking local tax base. Tied to the wider crisis of the national Keynesian Welfare State and the changing modalities of international economic competition, a new script for cities emerges which stresses: (i) urban spaces as enhanced sites of economic competition vis-à-vis the national economy, (ii) that this competition is understood in 'integral Schumpeterian' terms, (iii) local governance as the appropriate conduit for promoting a redefined economic competitiveness, and (iv) international forces bear down upon local actors as threats and opportunities.¹³⁵ Therefore as Jessop, Peck and Tickell make clear:

[a] central role in the reshaping of urban regimes is played by emerging discourses of enterprise culture, enterprise society, innovative milieus, networks, strategic alliances, partnerships, governance, and so on. These discourses are rendered more plausible (and hence given the appearance of inevitability) by the emerging geoeconomic meta-narratives concerning the crisis of Atlantic Fordism, globalization, triadization, communist collapse, the end of the Cold War, the 'emergence' of East Asia and so on.¹³⁶

These narratives and wider meta-narratives coalesce with place-specific discourses of

¹³⁴Short, "Urban Imagineers", p. 39.

¹³⁵Jessop, Peck and Tickell, "Retooling the Machine", p. 153.

¹³⁶*Ibid*, p. 152.

restructuring to demarcate a 'naturalized' local economy with an imagined community of interests.¹³⁷ From Bangalore's 'Electronic City', Scotland's 'Silicon Glen', Malaysia's 'Vision 2020', to Ottawa's Silicon Valley North, entrepreneurial landscapes are being created which give substance to the re-scaling of capital accumulation. As Short highlights, these landscapes include: world cities and wanna-be world cities; 'look no more factories!' cities, cities 'open to business', and cities which are capitalizing culture.¹³⁸

Whatever the precise economic role or niche of particular entrepreneurial cities, urban 'imagineers'¹³⁹ have reconstructed urban space through what Boyle terms, various "urban propaganda projects".¹⁴⁰ Rather than being passive objects of regulation, or mere favourable locations on a coast, river or trade route, urban propaganda projects have recast the city as "economic subjects".¹⁴¹ In this regard, cities have become actors in the world

¹³⁷For example, Ottawa's restructuring narrative is underscored by the crisis of fiscal federalism, given the local economy's heavy reliance on public sector employment.

¹³⁸Short, "Urban Imagineers", p. 53.

¹³⁹*Ibid*, p. 40

¹⁴⁰Boyle, "Growth Machine and Propaganda Projects", p. 55. These include traditional local boosterism, civic jingoism and flagship projects.

¹⁴¹T. Osborne and N. Rose, "Governing Cities: notes on the specialization of virtue" *Environment and Planning D: Society and Space* 17/6 (1999), p. 756. The authors' neo-Foucauldian 'diagramming of the city', as a space of government and a space of enterprise, represents one of the few critical attempts outside of more materialist approaches to political economy to capture the relationship between local state restructuring and economic development. In this vein MacKinnon views local state restructuring as a product of the ascendancy of neo-liberalism as a distinct 'political rationality'. Less interested in the formulation of economic development strategies per se, MacKinnon focusses on the development of 'managerial' technologies of governance at the local level via the deployment of business management prescriptions for organizational change and gauging performance through specific output measures; D. MacKinnon, "Managerialism,

economy while urban economic space is attributed a quasi-organic life of its own.¹⁴² . .

The accumulation strategies and concomitant 'spatial imaginary discourses' which inform entrepreneurial local modes of governance are far from politically neutral. As many commentators have noted, the (re)presentation of the city has tended to downplay issues of equality, social justice and an inclusive sense of the 'good city'. The final section of this chapter takes up these issues in a overview of the politics of local entrepreneurialism.

3.5] The Politics of Scale

This section argues that a the shift to an entrepreneurial mode of governance at the local level involves particular modalities of power relations which are contested and renegotiated - a politics of scale cohering at the local level. Two concepts which are helpful in interrogating this politics of scale, and as a consequence, the entrepreneurial mode of governance, are 'universe of political discourse' and 'hegemonic project'.

The concept, universe of political discourse, refers to the "terrain on which actors struggle over representation" and:

governmentality and the state: a neo-Foucauldian approach to local economic development" *Political Geography* 19/3 (2000), p. 697-730. Similarly, Engin Isin argues that the creation of the new City of Toronto can be conceptualized as part of the shift to a new 'regime of governmentality' based on neo-liberal rationalities; E. Isin, "Governing Toronto Without Government: Liberalism and Neoliberalism" *Studies in Political Economy* 56 (1998), p. 169-191.

¹⁴²Osborne and Rose, "Governing Cities", p. 756.

within which identities are socially constructed. Because actors with a variety of collective identities co-exist in this universe, their practices and meaning systems jostle each other for attention and legitimacy. Politics becomes conflict about collective identities - about who has a right to make claims - as much as it is conflict among groups and organizations over disputed claims about who gets what, when, and how. But it is also struggle about where politics occurs. Both kinds of representation involve designating the spaces which actors understand to be 'political'. Whether issues are described as 'public' or 'private', 'national', 'global' or 'local', of 'family' or of the 'state' is crucial element in actors' representations of self and interests.¹⁴³

Spatializing this concept brings into frame the discursive construction of the entrepreneurial narrative, highlighting whose voices are present, and whose are absent, in the local economic policy milieu. A number of authors have also adopted this 'universe of political discourse' in their efforts to contribute to a spatialized state theory.¹⁴⁴ This is an attempt to avoid 'economism' in some readings of the state restructuring. The construction of an endogenous accumulation strategy around which the entrepreneurial mode of governance is based, is therefore a process mediated by conflict between social groups.

A local hegemonic project implies that the dominant actors and social groups which substantiate the shift to entrepreneurialism actively attempt to shape the nature of the urban universe of political discourse. They do so to the extent that they seek to reconcile the narrow interests which underpin a local accumulation strategy, with a wider set of actors and their material interests. In section 3.3 we noted that this local hegemonic project may rely

¹⁴³Jenson "All the World's a Stage, p. 150-151.

¹⁴⁴See for example, Jessop, "A Neo-Gramscian Approach"; MacLeod and Goodwin, "Reconstructing urban and regional political economy"; MacLeod and Goodwin, "Space, scale and state strategy".

on a narrow set of local interests or alternatively a somewhat more expansive and participatory governance structure. Examining the nature of the hegemonic or local state project also uncovers the potential relationship between the underlying economic development strategy and non-economic factors. To what extent is entrepreneurialism married to a progressive vision of the city for example?

One immediate issue which has been raised in the literature documenting the rise of urban spaces as entrepreneurial subjects is the extent to which this 'new localism' reflects an empowering of the local vis-à-vis other spatial scales and wider socio-economic forces.¹⁴⁵ Or does the determination of local strategies merely reflect the global dominance of neo-liberal hegemony? The first view concurs with the benevolent view of entrepreneurial strategies, where local 'stakeholders' come together to regenerate the local community through a pro-active economic development policy. The more socially progressive version of this argument is that while entrepreneurial modes of governance may be limited in their inclusiveness despite the rhetoric, it is possible to construct the urban as an empowered, democratic and inclusive space.

The more overtly pessimistic prognosis for local spaces is articulated by Peck and Tickell, since in their view the 'resurgence of the local' is to an important degree illusionary. Localities are being conferred "responsibilities without power" as globalization forces local

¹⁴⁵See C. Andrew, "Globalization and Local Action" in T. Thomas (ed) *The Politics of the City: A Canadian Perspective* (Toronto: ITP Nelson, 1997), p. 139-154; Clarke, "The New Localism"; J. Gough, "Neo Liberalism and Localism: comments on Peck and Tickell" *AREA* 28/3 (1996), p. 392-398; Harvey, "From managerialism to entrepreneurialism"; Jessop, Peck and Tickell, "Retooling the Machine"; Mayer, "Post-Fordist City Politics"; J. Peck and A. Tickell, "Jungle Law Breaks out: neoliberalism and global-local disorder" *AREA*, 26/4(1994), p. 317-326.

actors to yield to extra-local forces.¹⁴⁶ Neo-liberal global-localization does not constitute a stable institutional and scalar fix, but rather an after-Fordist disorder. The solution for the authors is to 'fill-in' the nation state, rather than contribute to its hollowing-out.

This issue in a sense revisits the relative autonomy debate of the state of the 1970s. For Harvey, even, "well-intended and benevolent coalitions of class forces find themselves obliged to be 'realistic' and 'pragmatic' to a degree which has them playing to the rules of capitalist accumulation rather than to the goals of meeting local needs or maximizing social welfare".¹⁴⁷ Jessop, Peck and Tickell frame the issue in terms of structure/agency and macro-necessity/mirco-diversity.¹⁴⁸ In their view local politics matters, and there does exist some room for the construction of relatively autonomous local strategies and diversity between urban spaces. The scope for mirco-diversity is however, constrained by macrolevel phenomena which impose discursive closure on the local. This discursive closure is provided by the construction of various narratives of restructuring situated in broader meta-narratives of globalization etc. The interplay between this macro-necessity and micro-diversity will produce contingent outcomes in particular places. Therefore the scope for a progressive, inclusive local politics is not determined *a priori*, even given the 'realities' of the paradigm shift to entrepreneurialism. Concrete research is needed to specify the exact contours of urban politics.

In this regard, research into specific entrepreneurial modes of governance would seek

¹⁴⁶Peck and Tickell, "Jungle Law", p. 324.

¹⁴⁷Harvey, "From managerialism to entrepreneurialism", p. 16.

¹⁴⁸Jessop, Peck and Tickell, "Retooling the Machine", p. 147-152.

answers to questions such as “which interests, and which players will be included in partnerships and which will be left outside? Who will be the leaders within the partnerships? Whose agendas will prevail?”¹⁴⁹ In other words, what is the nature of the urban universe of political discourse within which the entrepreneurial mode of governance is situated? And to what extent does this universe reflect an inclusive, participatory state project?

The international literature on the local state already provides such answers and therefore a signpost for an examination of Ottawa’s entrepreneurial mode of governance. Recalling the brief survey of local governance studies in the United Kingdom, it is clear that the new local bargaining systems embodied in horizontal networks of coordination and economic policy formulation, does not necessarily lead to openness to democratic influence and accountability. Images of the non-elected local state, the rise of a shadow state and a democratic deficit have been the major themes from this literature.¹⁵⁰ Commenting on the local economic development in the United States, Clarke similarly argues that the ‘new localism’ masks a “depoliticization of the local terrain”.¹⁵¹ The influence of the private sector in the local state is greatly increased within heterarchical modes of governance.¹⁵² In

¹⁴⁹N. Jewson and S. MacGregor (1997) “Transforming Cities: Social Exclusion and the Reinvention of Partnership” in Jewson and MacGregor (eds) *Transforming Cities*, p. 9.

¹⁵⁰In neo-Foucauldian terms, formal city governments are becoming one agent among various technologies of power at the local level. For Isin, municipal governments are quickly becoming ‘empty shells’ as the new neo-liberal rationalities of governance shift the locus of power to diverse sites of power embodied in private and non-governmental relations; E. Isin, “Governing without Government”, p. 185.

¹⁵¹Clarke, “The New Localism”, p. 16.

¹⁵²On the role of business in the local state see; D. Valler, A. Wood and P. North “Local governance and local business interests: a critical review” *Progress in Human*

addition, "global capital has usually noticed that its interests are best served under conservative urban governments whose policies and ideologies of deregulation, tax-cutting, fiscal restraint, social control and workfare appear to harmonize perfectly with their own agenda of downsizing, globalization, and lean corporate governance".¹⁵³

Entrepreneurialism therefore seems to go hand-in-hand with more socially conservative urban regimes. For Roger Keil, "cities have become the political space where the dirty work of globalization is being done", a geographical space which the 'Right' has come to occupy.¹⁵⁴ Erik Swyngedouw speaks of a 'new authoritarianism' based on of systemic exclusion, disempowerment of weaker social groups and new elite coalitions.¹⁵⁵ While Neil Smith argues that the contemporary American urbanism exhibits a 'revanchism' - a "trenchant repoliticization of the city".¹⁵⁶ Moreover, there is a growing "dissociation inside urban political economy which leads to an increasing decoupling of urban development politics from other sectors of the political in cities, particularly social and ecological dimensions as well as questions of democracy, citizenship and governance".¹⁵⁷ This

Geography 24/3 (2000), p. 409-428.

¹⁵³R. Keil, "Going Local: The left in the Post-National City" paper presented to the conference, *The left in a Post-it World*, (Carleton University, Ottawa: March 10, 2000), p. 7.

¹⁵⁴*Ibid*, p. 4.

¹⁵⁵Swyngedouw, "Authoritarian governance"; and "Reconstructing Citizenship";

¹⁵⁶N. Smith, "Social Justice and the New American Urbanism: the Revanchist City" in Merrifield and Swyngedouw (eds) *The Urbanization of Injustice*, p. 100-116.

¹⁵⁷Keil, "Globalization makes states", p. 640

insulation of economic development from the wider purview of urban politics may well explain why, for Hubbard and Hall, opposition to entrepreneurial strategies is generally circumscribed and rarely coalesces into effective campaigns of protests.¹⁵⁸ In Ottawa for example, it was not until the mid-to-late nineties that concerns over the local economic development strategy began to be voiced from community activists, alarmed at what they saw as growing socio-economic polarization.¹⁵⁹ Arguably, these concerns have subsequently been co-opted into the entrepreneurial local state through the creation of an institutional space for wider community involvement in economic development policy, together with a productivist reordering of social policy.

Thus not only is the entrepreneurial local state able to separate economic development from other policy spheres, but it is also simultaneously redefining these other areas in entrepreneurial terms. Local social policy is redefined in terms of getting welfare clients into jobs, while a communitarian emphasis upon civic commitment to economic development is creating "new games of citizenship".¹⁶⁰ A more business-like approach to local government service provision, via alternative service delivery systems and other 'new management' techniques, further underline this redefinition. Moreover this redefinition of

¹⁵⁸Hubbard and Hall, "The Entrepreneurial City and the 'New Urban Politics'", p. 21.

¹⁵⁹As the following chapters will make clear however, the dominant stakeholders in Ottawa's governance structure have continuously raised concerns over specific aspects of Ottawa's accumulation strategy. These concerns include the turf wars between economic development institutions, inter-municipal rivalry, and the overall effectiveness of the entrepreneurial strategy.

¹⁶⁰Osborne and Rose, "Governing Cities", p. 756.

traditional local state policies is situated in the “wider neo-liberal objective of creating active citizens to promote self-reliance, local initiative and ‘reduced’ dependence on the welfare state”.¹⁶¹

Images of the neoliberal city and the new authoritarianism therefore seem to suggest that the tendential shift to an entrepreneurial mode of governance is positioned within a broader hegemonic project based on exclusion and a regressive approach to wider urban issues. Moreover, alternative claims about the entrepreneurial city are struggling to be heard in the local universe of political discourse. Indeed, these counter-hegemonic claims may end up being co-opted into the entrepreneurial repositioning of the local state through a process of dissociated inclusion. This involves creating an institutional space of inclusion within the local mode of governance, while at the same time insulating this new space from the ‘real’ concerns of economic development.

A final point regarding the politics of scale is the question of the overall effectiveness of entrepreneurial strategies of governance in securing a successful spatio-temporal fix for local accumulation. As Kearns and Paddison explain, “cities are discovering the virtues of the city-region as a space in which collaboration rather than competition can provide

¹⁶¹M. Raco, “Assessing community participation in local economic development - lessons for the new urban policy” *Political Geography* 19 (2000), p. 574. Obviously the basic assumption of this thesis is that the local state has become more directly involved in economic development. This appears at first glance to render the simple state/market dichotomy of neo-liberalism problematic. However, the present use of the term neo-liberalism has less to do with any quantitative notion of more or less state vis-à-vis the market, than with the particular qualitative form of state regulation of capital. Neo-liberalism in this sense embodies both deregulation and re-regulation. See Isin, “Governing without Governing”, for a discussion of neo-liberalism as it is mediated at the local level, and W. Larner, “Neo-liberalism: Policy, Ideology and Governmentality” *Studies in Political Economy* 63 (2000), p. 5-26, on the various permutations of neo-liberalism.

development advantages. But socio-spatial segregation and administrative reforms which have fragmented these city-regional spaces mean that achieving the 'desired' collaboration is proving difficult in regions in many nations".¹⁶² Generating coherence of the endogenous accumulation strategy is by no means guaranteed. A successful mode of governance is consequently, as much a process of trial and error, as it is a foresighted plan for urban competitiveness in the global economy.¹⁶³ Jessop further underlines this issue of governance failure by arguing that it is by no means certain that heterarchical governance structures are any less prone to failure than the bifurcated state/market methods of coordinating the policy process.¹⁶⁴ As he explains in his analysis of urban entrepreneurialism:

many current proposals intended to create and consolidate 'entrepreneurial cities and regions lack the governance mechanisms needed to permit their effective implementation. Too often their main (if not sole) material existence takes such forms as consultant's reports, outline proposals, non-binding agreements, glossy brochures, more or less regular conferences, meetings, or seminars, cultural exchanges, databases and information centres. In other cases there has been a proliferation of small-scale partnerships with limited coordination, insufficient resources, and often, conflicting goals. There is greater emphasis on civic boosterism and deregulated place-

¹⁶²A. Kearns and R. Paddison, "New Challenges for Urban Governance" *Urban Studies* 37/5 (2000), p. 848.

¹⁶³This observation proves particularly apposite in the case of Ottawa during the 1990s, where the local entrepreneurial mode of governance was tenuously constructed.

¹⁶⁴Jessop, "The rise of governance and the risk of failure", p. 35. According to Jessop, the limits of heterarchical governance lie in the fact that it is impossible to ever solve the underlying contradiction of capitalist development (i.e. the wage-labour contradiction), and since local problems cannot be entirely solved at the local level, merely inserting horizontal governance at the local level will not overcome this.

marketing than on public private partnerships seriously oriented to structural competitiveness in a post-Fordist age and able to coordinate the socially embedded, socially regulated conditions for dynamic competitive advantage.¹⁶⁵

Therefore, the success of an entrepreneurial strategy is an open question. Indeed, there are several possible criteria for assessing the success or failure of such a strategy. These range from the sustainability of the policy process, new institutional forms, and economic development in the widest sense, to judging the degree of participation in the governance process - more democratic forms versus a technocorporate constellation of business, professional and administrative elites.¹⁶⁶

3.6] Conclusion.

The previous sections of this chapter have argued that the 'local' has become an important analytical object of inquiry due to the re-scaling of socio-spatial relations since the 1970s. Related to this restructuring of economic space, and by no means singularly reducible to it, has been the scalar recomposition of political space. At the local level, this recomposition has involved both the strategic reorientation of the state towards economic development, together with structural changes in the local state itself. The latter is associated with the increasing porousness of the local state to civil society, institutional changes in municipal

¹⁶⁵Jessop, "The Entrepreneurial City", p. 40.

¹⁶⁶Valler, Wood and North, "Local Governance and Local Business Interests", p. 421.

government and even transformations in formal political boundaries. As conduits of globalization, cities have become significant actors in the new knowledge economy. The shift in the mode of local governance has been employed to illustrate the new contours of urban political space.

The managerial local mode of governance mediated higher scale macroeconomic and welfare policies with local conditions to help ensure the structured coherence of the nationally scaled Fordist-Keynesian growth model. At the local level capital accumulation was facilitated indirectly via the reproduction of labour, together with a passive approach to economic development through land use and property development. By contrast, an entrepreneurial mode of governance defines a more direct intervention by the local state in securing the successful foundations of the realization of surplus value at the local level.

The following chapters examine the shift to an entrepreneurial local mode of governance in Ottawa. While it is clear that Ottawa has developed an export-oriented accumulation strategy of global localism around technopolis growth, it is not entirely evident what this entrepreneurialism implies for any putative local hegemonic project. On the one hand, the scope for community involvement in local economic development policy has been broadened through such initiatives as *Partners for Jobs*, thereby indicating a potentially inclusive and socially progressive entrepreneurial mode of governance. On the other, the creation of this institutional space may signify a separation between 'real' economic development policy and the wider concerns of urban civil society. This dissociation together with a reordering of social policy, the lean service delivery model of the new City of Ottawa, and a growing conservative attitude towards the visibility of the homeless may equally

capture the lineaments of a conservative urban regime. Alternatively developments in Ottawa may represent what Roger Keil terms, a 'third way' between neo-liberal and progressive urban projects.¹⁶⁷ We shall return to these broader questions on the relationship between accumulation strategy and local hegemonic project in the concluding chapter.

¹⁶⁷Keil, "Going Local", p. 3.

Chapter Four: 'Re-Scaling' the Canadian State.

4.0] Introduction.

The preceding two chapters have provided the conceptual framework within which to position the structural transformation and strategic reorientation of the state in general, and the nature of local governance in particular. This chapter concretizes these changes in the context of the Canadian social formation, thereby enabling us to situate the nature of economic development policy in Ottawa in a broader scalar framework. Specifically, this chapter argues that the emergence and subsequent development of Ottawa's entrepreneurial mode of governance must be understood in relational terms, where higher scaled state structures and policies are nested in local spaces. The reordering of these higher scaled processes with the crisis of Fordism has therefore shaped the evolution of Ottawa's endogenous accumulation strategy. This chapter argues that it has been the decentralization and downsizing of the federal government which directly led to the re-evaluation of local approaches to economic development in the Ottawa region. This narrative of fiscal crisis of the central state was later interwoven into a reconfiguration of the provincial Keynesian Welfare State, and the reorganization of local government in Ontario by the Progressive Conservative government after 1995.

Federal and provincial restructuring toward coordinating globally competitive forms of capital accumulation uncovers the relationship between local, provincial and federal spatial scales and reinforces an analysis of the local mode of governance which recognizes its interpenetration with other spatial scales. This rescaling of the Canadian state, in

conjunction with the growth of globally competitive local economies has given rise to local initiatives in economic development policies from Vancouver to Halifax as local decision makers encroach on a policy field once the domain of higher state scales. It is at the local level, moreover, where the shift from government to governance is most visible. While local governments across Canada have increased their interest in economic development policies, the legacy of federal-provincial-local structures in which local governments have no constitutional status and limited revenue raising powers, in part explains why municipalities are coming to look to non-governmental organizations in coordinating local modes of governance.

The first section sketches the rescaling of the Canadian state in broad terms. Section 4.2 provides an historical overview of the local economic development and the local state in Canada. This section will enable a contextualization of urban politics in Ottawa in section 4.3, and the beginnings of the shift to an entrepreneurial paradigm of local governance. While later chapters substantiate this shift to entrepreneurialism throughout the 1990s, this chapter will also reveal how the strategic reorientation and structural transformation of the local state reveals a set of nested or embedded spatial scales. Section 4.4 examines the role played by the federal government, while in the final section, the relationship between the province and Ottawa's local accumulation strategy is foregrounded.

4.1] Fordist Crisis and the hollowing-out of the Canadian State.

The generic crisis of the Fordist mode of production in the 1970s and subsequent industrial

restructuring signified a general reordering of capitalist social relations to reanimate the bases of profitability and economic growth. We have seen how this restructuring has been mediated across geographic scales with the simultaneous internationalization of production together with the (re)emergence of specific place-based processes in industrial districts and urban spaces. The rescaling of capitalist accumulation embodies an underlying dialectic of deterritorialization and reterritorialization of social relations such that the once privileged position of the 'national' scale has been undermined. In chapter three it was argued that the state is intimately bound up in this rescaling of capitalist social relations since the successful reproduction of accumulation cannot occur without extra-economic regulation or governance. In this regard the crisis of Fordism is also the crisis of the regulatory ensemble underpinning this mode of growth. Industrial restructuring has therefore had a profound effect on state structures and processes. Glocalization, the label we have attributed to this general scalar transformation, has given rise to new state practices and a redifferentiated relationship between state and society. As we also noted, however, transformations in the political moment of capitalism are not simply the one-to-one result of broader economic changes, as if in some functionalist manner, but are also the outcome of particular state projects and accumulation strategies designed to reinvigorate profitability under post-Fordism.

These efforts to secure a successful spatial fix or structured coherence are mediated by political conflict and contestation within the state and wider society. With the relativization of spatial scale implied by glocalizing processes, the local or urban scale has come to the fore as an increasingly relevant site in which the politics of scale is being

worked out. A 'local universe of political discourse', to adapt Jane Jenson's concept to the local scale, is one where the script of globalization is finding its concrete manifestation, particularly as local states across the advanced industrialized world are becoming increasingly proactive in terms of economic policy.¹

In broad terms we can situate the tendential shift of the local state in Ottawa towards a proactive economic development policy within the rescaled geometry of capitalism outlined in the preceding chapters. Thus, the strategic entrepreneurial reorientation of the local state encapsulates, in part, an outcome of the crisis of Canadian Fordism, and is therefore a product of a more generalized rescaling of the Canadian state.

Canadian Fordism, emerging out of the maelstrom of the 1930s and consolidated during the 1950s and 1960s, provided a focal point for relatively stable economic growth, high levels of employment and a universal or national commitment to social programmes embodied in the development of the Keynesian Welfare state.² The unique feature of Canadian Fordism, relative to other national formations, was the relatively high degree of

¹On the universe of political discourse see J. Jenson, "All the World's a Stage: Ideas, Spaces and Times in Canadian Political Economy" in J. Jenson, R. Mahon, and M. Bienefeld (eds) *Production, Space, Identity: Political Economy Faces the 21st Century* (Toronto: Canadian Scholars Press Inc, 1993), p. 143-170.

²The following general analysis of the Canadian state derives from a general reading of the 'New Canadian Political Economy' (NCPE) literature. This literature problematizes the nature of Canada's truncated economic development and the class and other social forces underpinning this development. For an overview of this NCPE literature, and the debates around surrounding it, see Jenson, Mahon and Bienefeld (eds) *Production, Space, Identity*; and W. Clement (ed) *Understanding Canada: Building on the New Canadian Political Economy* (Montreal and Kingston: McGill-Queens University Press, 1997).

permeability to international economic processes - principally those of the United States.³ This continental integration was organized around the intensification of resource staples exports and United States branch plant development.⁴ A centrepiece of the latter was the 1965 Canadian-United States Automobile Products Trade Agreement, or the Autopact, which enshrined a system of 'managed' trade between the two countries.⁵ The Autopact ensured that a portion of parts manufacturing and vehicle assembly of the 'Big Three' automobile manufacturers, Ford, GM and Chrysler, took place in Canada. With roughly one in seven manufacturing jobs dependent on the auto industry, the Autopact contributed greatly to Fordist economic growth, at least in the area of manufacturing.⁶

Keynesian bureaucratic management and a discourse of nation-building fostering east-west ties, also cemented the development of Canadian Fordism during the golden era

³On the nature of Canada's permeable Fordism see J. Jenson, "Different but not 'exceptional': Canada's permeable fordism" *Canadian Review of Sociology and Anthropology* 26/1 (1989), p. 69-94; and Jenson, "All the World's a Stage".

⁴Canadian Fordism also relied on a labour relations arrangement based on private collective bargaining, as opposed to the tripartite relationship found in other variants. In addition, Canada spent relatively little on social programmes in comparison with European states. On the development of the Keynesian Welfare state in Canada see R. Mahon, "Child Care in Canada and Sweden: Policy and Politics" *Social Politics* (1997) p. 382-418. Mahon charts the transition from a 'social liberal' Canadian Welfare State of the 1960s and early 1970s, to one characterized by 'social liberalism plus'.

⁵W. Clement and G. Williams, "Resources and Manufacturing on Canada's Political Economy" in Clement (ed) *Understanding Canada*, p. 52. Tariff barriers provided protectionist measures against non-Autopact automobile production in Canada. The Autopact was also primarily Ontario-centred, and therefore represented an important element of the provincial state's integration into the Great Lakes economy.

⁶J. Holmes, "Restructuring in a Continental Production System" in J. Britton (ed) *Canada and the Global Economy: The Geography of Structural and Technological Change* (Montreal and Kingston: McGill-Queens University Press, 1996), p. 330.

of capitalist prosperity after WWII. This discourse of nation building as Jane Jenson notes, rested on a conception of space which privileged Canada as a single unit "having one labour market, universal standards for social programs and a central government with responsibility for assuring the well being of the whole".⁷ In short, the national scale came to contain Canadian society, at least at a discursive level.

The construction of a collective identity through nation building rested on a delicate balance between federal and provincial spheres of responsibilities and negotiations, particularly given the issue of Quebec. Indeed the societal compromise necessary for sustained economic growth during the Fordist era was organized primarily through the institutions of federalism, rather than party-based class compromises found elsewhere.⁸ Within this spatial matrix, urban spaces became essentially relay points for higher spatial state processes and policies, particularly since local municipalities were the jurisdictional preserve of the provinces.⁹

As with other advanced industrialized nations, declining productivity levels, stagflation and the fiscal crisis of the state in the 1970s signalled the growing contradiction in the structural coupling between the Fordist regime of accumulation and the mode of

⁷Jenson, "All the World's a Stage", p. 158.

⁸See Jenson, "Different but not Exceptional"; and "All the World's a Stage".

⁹Given the provincial responsibility for the provision of a significant share of the Keynesian Welfare state, it is not surprising that local states were primarily managerial agents of provincial state scale. Despite efforts to institute a modest national urban research programme in the early 1970s, the impact of the federal level upon urban spaces was limited to specific policy initiatives such as the Canada Mortgage and Housing Corporation (CMHC) which provided non-market housing programmes. See T. Bourne, "The Spatial reorganization of Urban Canada" *Policy Options* 20/9 (1999), p. 40-43.

regulation embodied in the Keynesian Welfare state. Since Canadian Fordism was organized spatially through nation building and the institutions of federalism, the crisis of Fordism expressed a specifically scalar quality. That is, the delicate relationship between the federal and provincial state scales came into question with growing regional economic divisions (deindustrialization in Atlantic Canada for example) and province building strategies embodied in the extractive industries in the prairies and Southern Ontario's branch plant economy, not too mention constitutional issues surrounding Quebec sovereignty.

The discourse of nation building which attempted to counterbalance the "disunifying effects of economic continental shift in the twentieth century" gave way to a more flexible and decentralized federal system with the central state now abrogating its responsibilities of an earlier era.¹⁰ Indeed, an increasingly continental production system which developed in the Fordist era had co-existed with expressions of economic nationalism designed to contain and manage the level of foreign investment in Canada's economy.¹¹ With the election of Brian Mulroney in 1984 however, this contradiction was 'decided' in favour of further continental integration, together with a general restructuring of the Canadian state itself. Echoing our earlier discussion of the hollowed-out 'glocal' state, the Canadian state proceeded to downsize and devolve various responsibilities onto lower state scales, and at

¹⁰S. McBride and J. Shields, *Dismantling a Nation: The Transition to Corporate Rule in Canada* (Halifax: Fernwood Publishing, 1997), p. 146.

¹¹Examples of this economic nationalism include Pierre Trudeau's National Energy Policy and the Foreign Investment Review Agency. For a discussion of the relationship between a national economic policy agenda and continentalism see, G. Williams, *Not for Export: The Competitiveness of Canadian Manufacturing* (Toronto: McClelland, 1994).

the same time ceding portions of national sovereignty to higher spatial scales.¹² On the one hand, the federal government capped and froze transfers to the provinces beginning in the early 1980s via the creation of the Canada Health and Social Transfer (CHST) which replaced the earlier Canada Assistance Plan.¹³ On the other, the creation of the free trade agreement between Canada and the United States, and later that between Mexico, the United States and Canada extended the logic of continental integration further and signalled the rescaling of state powers to an international treaty.¹⁴ Interestingly, a cornerstone of earlier continental integration, the Autopact, has been deemed in violation of WTO principles of free trade, since it discriminated against European and Japanese car makers' right to access the Canadian market.¹⁵

Shields and Evans summarise this 'reinvention' of government in terms of the shift

¹²On the transformation in the Canadian state in general see: G. Albo and J. Jenson, "Remapping Canada: The State in an Era of Globalization" in Clement (ed) *Understanding Canada*, p. 215-239; McBride and Shields, *Dismantling a Nation*; and J. Shields and M. Evans, *Shrinking the State: Globalization and Public Administration 'Reform'* (Halifax: Fernwood, 1998).

¹³The 1995 Federal budget marked the most significant programme and spending cuts in Canadian history, with a \$4.5 b decline over 3 years; Shields and Evans, *Shrinking the State*, p. 49.

¹⁴NAFTA can be interpreted as an effort on behalf of the state to secure a spatial fix for capital concomitant with an increasingly global system of production. Brodie for example suggests that the free trade agreements represent a 'Third National Policy', while McBride and Shields argue that NAFTA serves to institutionalize the underlying neoliberal thrust of state restructuring; see J. Brodie, "The New Political Economy of Regions" in Clement (ed) *Understanding Canada*, p. 240-261; McBride and Shields, *Dismantling a Nation*.

¹⁵Canadian Labour Congress, "Autopact is loss of a pro-Canadian principle: If you sell here you gotta manufacture here" *Canadian NewsWire*, October 13 (1999). This points to a potentially conflictual relationship between the rescaled processes of macro-regional and transnational governance regimes.

to a 'competition' state where a neoliberal agenda uses globalization as a powerful justification for the retrenchment of social programmes¹⁶, together with an increasing reliance on subnational scales to promote their own interests. Indeed the focus on subnational spaces further underlines the scalar processes of glocalization. In Canada this is highlighted by a growing regionalism structured around the constitutional uncertainty of Quebec nationalism, province building strategies associated with arguments of the 'region state' and the recasting of the Canadian urban system as cities attempt to position themselves vis-à-vis the North American and international economy.

With the retreat of the federal role in promoting regional development and other major areas of social development associated with hollowing-out, provinces have had to step up to the plate, whether by default or design, in securing the overall health of their citizens. This new centralization of power at the provincial level has reinforced economic integration of the provinces into an internationalized system of production to such a point where the notion of an east-west Canadian 'economy' is problematic. The fortune of British Columbia is linked with the Pacific Rim, Alberta with the oil and gas regions of the Texas Gulf, the breadbaskets of Saskatchewan and Manitoba with the US mid-West, the Atlantic provinces with the Atlantic Rim, and Ontario and Quebec to the Great Lakes economies. For example, in 1995 Ontario's exports to the rest of the world were three times that of domestic exports,

¹⁶While not pursued in the current research, the rescaling of the Canadian state in general, and the welfare state in particular also involves a reconfiguration of citizenship claims and identities constructed in and through the state. See J. Brodie, "Meso-Discourses, State Forms and the Gendering of Liberal-Democratic Citizenship" *Citizenship Studies*, 1/3 (1997), p. 223-241; J. Jenson and S. Phillips, "Regime Shift: New Citizenship Practices in Canada" *International Journal of Canadian Studies* 14 (1996), p. 111-135.

whereas in 1981 they were roughly equal.¹⁷

For Courchene subnational governments such as the province of Ontario can “leapfrog their national governments” and tie themselves into supranational structures of regional and global production systems.¹⁸ He goes further to argue that Ontario has come to constitute a ‘region state’ where:

Queens Park has been transformed from the efficient but essentially passive, internal manager of things Ontarian under Robarts and Davis [former Premiers] to a pro-active, competitive-driven, coordinator and innovator designed to privilege the province and its citizens in the new global order.¹⁹

This transformation, it is argued, is the result of globalization and the knowledge information revolution, together with the fiscally triggered decentralization of the federal state presented in this chapter.²⁰ Whether or not this region state hypothesis is overstated is debatable, but the important point is that it problematizes an important dimension of the glocalization of the Canadian state. This relativization of scale is further underlined with an examination of

¹⁷T. Courchene, *From Heartland to North American region State: the Social, Fiscal and Federal Evolution of Ontario* (Toronto: University of Toronto Press, 1998), p. 277-278.

¹⁸*Ibid.*

¹⁹*Ibid*, p. 213.

²⁰See also D. Wolfe, “The Emergence of the Region State” in T. Courchene (ed) *The Nation State in a Global/Information Era: Policy Challenges* (Kingston: John Deutsch Institute for the Study of Economic Policy, 1997), p. 205-240. For a critique and reflection on Ontario as a region state see the various contributions to *Policy Options politiques*, “Is Ontario a Region-State?/L’Ontario: Est-Elle Un État-Région?” January/February, 21/1 (2000), p. 81-103; and D. Wolfe, “Harnessing the region: Changing perspectives on innovation policy in Ontario” in T. Barnes and M. Gertler (eds) *The New Industrial Geography: regions regulation and institutions* (London: Routledge, 1999), p. 127-154.

local spaces in the Canadian context. Reflecting on his study of Vancouver, Hutton argues that while "restructuring has been devastating and deeply problematic for many cities, it has also, perhaps paradoxically, enhanced the overall status of cities and city regions in the economic life of advanced nations".²¹ The impact of provincial downloading of costs and responsibilities, together with an increasing strategic role of urban spaces as advanced production centres, crucibles of technological innovation, nodes of global finance and international gateways, has clearly opened up the 'local' as critical sites where globalization is being worked out.

It is within this scalar matrix that one can locate the enhanced importance attributed to economic development at the local level. The following section contextualizes this strategic reorientation towards urban economic development through an historical overview of the local state in Canada.

4.2] The Local State in Canada.

Urban governments are becoming increasingly important players both internationally and domestically. At the international level, world cities are in direct competition with one another to attract capital investment, highly skilled workers, and mega-events, such as the Olympics and world expositions. On the domestic scene, urban governments are gaining prominence in the overall operation of the federation and the exercise of citizenship as Canada defines a new social union - a redefinition of the rights, roles, and responsibilities between citizens and government, among governments of the federation, and between markets and society...Economic restructuring and downloading of responsibilities from federal and

²¹T. Hutton, *The Transformation of Canada's Pacific Metropolis: A Study of Vancouver* (Montreal: Institute for Research on Public Policy, 1998), p.16-17.

provincial governments have a direct impact on urban governments. It is municipal governments that eventually must fill many of these program and financial gaps or bear the social costs of poverty and related displacement in other ways, such as an increased demand for police services. In a highly urbanized and culturally diverse country like Canada, urban governments are also critical in promoting social harmony and cohesiveness.²²

The lengthy quotation above is the first paragraph in a recent volume on urban governance in Canada. Arguably one of the most comprehensive works in the area, the authors immediately delineate the range of challenges and issues facing local spaces in the context of globalization. The quotation reinforces, in the Canadian context, one of the central contentions of the current research, which is that the glocal scalar restructuring has elevated the relative importance of cities and urban spaces in the contemporary era. The following section is not meant to provide a comprehensive inventory of the challenges facing urban governments in Canada, but rather to further contextualize local economic development in relation to the evolution of the local state. Recalling our discussion from chapter two, the local state can be defined in abstract terms as a set of social relations defined in relation to a specific geographic space. As we have seen, local governance can include higher scale state structures and processes to the extent that these become nested in local governance. In somewhat more concrete terms, the local state can be defined as constituting both the formal institutions of local municipal government, and the host of quasi-nongovernmental, nongovernmental and private organizations which are implicated in the 'local mode of governance'. Similarly, Graham, Phillips and Maslove, define the local state, or urban governance as the "collective capacity to set and achieve public policy goals" constituted by

²²Graham, Phillips and Maslove, *Urban Governance in Canada*, p. 1.

municipal government, special purpose bodies and voluntary associations.²³

The first part of this section will sketch an historical overview of the local state, followed by a closer look at economic development policy. The main argument is that the putative shift from managerial to entrepreneurial paradigms of urban governance explicated in the international literature is also evident in the Canadian context. Again, this reiterates another point of the previous chapter: local spaces are becoming important sites of empirical investigation and theoretical reflection - sites where the 'dirty work of globalization', to use Roger Keil's phrase, is being done.

In its modern form, local government was introduced to Canada with the passage of the Baldwin Act of 1849 in Ontario.²⁴ In this period, cities were largely autonomous entities and "by and large, left alone to deal with both the progress and the problems of late

²³ *Ibid*, p. 35-36.

²⁴ On the historical development of the local state in Canada see: C. Andrew, "Provincial-Municipal Relations; or Hyper-Fractionalized Quasi-Subordination Revisited" in J. Lightbody (ed) *Canadian Metropolitics: Governing our Cities* (Toronto: Copp Clark Ltd, 1995), p. 140-165; Graham, Phillips and Maslove, *Urban Governance in Canada*, chpt 3; W. Magnusson, "Introduction: The Development of Canadian Urban Government" in Magnusson and Sancton (eds) *City Politics in Canada* (Toronto: University of Toronto Press, 1983), p. 3-37; W. Magnusson, "Urban Politics and the Local State" *Studies in Political Economy* 16 (1985), p. 111-142; W. Magnusson, "Metropolitan Change and Political Disruption: The New Left, the New Right and Postwar Orthodoxy" in F. Frisken (ed) *The Changing Canadian Metropolis: A Public Policy Perspective* vol II (Toronto: Institute of Government Studies Press, 1994), p. 541-560; H. Nicol, "All the Towns of the Dominion': Canada's Evolving Urban Framework" in T. Thomas (ed) *The Politics of the City: A Canadian Perspective* (Toronto: ITP Nelson, 1997), p. 17-32; J. Taylor, "Urban Autonomy in Canada: It's Evolution and Decline" in G. Stelter and A. Artibise (eds) *The Canadian City: essays in urban and social history* (Ottawa: Carleton University Press, 1991), p. 478-500; C. Tindal and S. Tindal, *Local Government in Canada* (Toronto: McGraw-Hill Ryerson Ltd, 2000).

nineteenth and early twentieth century society and economy".²⁵ While there were few public amenities, those that did exist were largely provided for by local government out of its own revenue through local income, sales and property tax.²⁶ The major occupation of local government was, however, to promote local business in a market environment relatively unfettered by state intervention. Local economic development was promoted by 'boosters', local businessmen and advocates on municipal councils, focussing on infrastructure requirements such as local railway and transit systems, together with loans, tax exemptions and grants to manufacturing enterprises.

Over time however, local municipalities became both overextended financially and subject to provincial control. Indeed throughout the twentieth century the capacity and autonomy of local government to determine the overall direction of their local spaces has been severely curtailed with the provincialization of responsibilities once the preserve of the municipalities, and financial control exerted via conditional grants. In addition, passage of legislation such as the Ontario Railway Municipal 1906, and the Municipal Aid Prohibition Act in Quebec 1925 began to erode the ability of local government to extend favourable benefits to private business. In prohibiting the practice of bonussing, interjurisdictional bidding for economic activity was constrained, and along with it traditional boosterism.²⁷

All levels of government in the late nineteenth had become bitten by a 'development impulse' and all offered cash incentives, bounties, bonuses and subsidies to hasten the

²⁵Taylor, "Urban Autonomy in Canada", p. 479.

²⁶*Ibid*, p. 481.

²⁷M. Gertler, "Economic Development" in R. Loreto and T. Price (eds) *Urban Policy Issues: Canadian Perspectives* (Toronto: McLelland and Stewart Inc, 1990), p. 43.

location of strategic industries.²⁸ This development impulse in the case of the Ontario provincial state, was reflected in the attraction of American smelting and refining companies in order to exploit the province's resource economy, and the eventual emergence of public ownership in hydroelectric power. The latter is important since it was partly based on the desire of the province to circumscribe inter-municipal competition for this key foundation for economic development.²⁹ Thus, the autonomy of the local state was undermined as the province appropriated more of an accumulation function early in the twentieth century.³⁰

The provincialization of local government was also reinforced by the depression in the 1930s which eroded the tax base of most municipalities, forcing them to rely to a greater extent on provincial sources of finance. Moreover, with the significant development of the welfare state in the post-WWII period, local municipalities were relegated to bit players in the larger drama of urbanization and Fordist economic growth. With the growing complexity of metropolitan society local government was restructured to meet the needs of intensive and multidimensional planning. In Ontario for example, Metropolitan Toronto was created in 1953 to meet the needs of the province's largest urban area. Later, a two-tier system of local government was introduced in 1969 with the creation of the Regional Municipality of

²⁸H. Nelles, *The Politics of Development: Forests, Mines and Hydro-Electric Power in Ontario, 1849-1941* (Toronto: MacMillan of Canada, 1974), p. 125.

²⁹*Ibid*, p. 492.

³⁰For an overview of the development of the provincial state within Canada's federal system, see G. Stevenson, "Federalism and the political economy of the Canadian State" in L. Panitch *The Canadian State: Political Economy and Political Power* (Toronto: University of Toronto Press, 1977), p. 71-100. Stevenson conceptualizes the development of the provincial state in terms of the historical relationship between accumulation, legitimization and coercion functions of the state in general.

Ottawa-Carleton (RMOC), where an upper level municipality would be responsible for planning and coordinating various lower tier municipalities in a given urban area. It is in this context that the term 'hyper-fractionalized quasi-subordination' was used to describe the relationship between the province and local government across Canada.³¹

Local states therefore came to act as transmission belts for higher scaled public administration, as well as serving a narrowly defined 'property management function'. This 'production' function essentially concerned the management and development of private property via physical infrastructure development and land use planning. In this regard, 'local economic development' such that it was, reflected a narrow concern with the tax base of a municipality. That is, local economic development meant expanding the volume of assessable property. Traditional local boosterism continued to play a role in fostering local economic development since attracting new businesses to an area was an important means of property development. This boosterism within the managerial local state was circumscribed however, by the legislative constraints prohibiting the practice of bonussing and consequently relied mainly on external marketing.

Given the shortage of resources, a problematic tax base and a politically powerless local government vis-à-vis higher state scales, local municipalities had "chosen to play a very modest role in economic development in Canada" at least up until the 1980s.³² With typically only 1-2% of resources devoted to economic development, and usually subsumed

³¹See Andrew, "Provincial-Municipal Relations".

³²H. Lithwick, *Economic Development in Ottawa-Carleton: Research Study No 4 for the Ottawa-Carleton Regional Review* (Ottawa: Centre for Policy and Program Assessment, Carleton University, 1988), p. 36.

under other local government processes such as comprehensive planning, transport and infrastructure, local government in the Fordist era adopted a passive or adaptive approach to economic development, and one usually conflated with land-use planning.³³

While this production function was the chief concern of municipalities, wider issues of collective consumption began to enter into the domain of local politics in the late 1960s and early 1970s.³⁴ Urban neighbourhood movements structured around issues such as recreational facilities, social housing, public transportation and livable communities in general began to articulate a different politics, one centred on what Warren Magnusson describes as a “new progressivism”.³⁵ This opened up the local state to broader citizen engagement and wider representation beyond political elites tied to local property development. Unlike in other advanced industrialized countries however, collective consumption concerns did not come to define the managerial paradigm of urban governance in the Fordist era. Moreover, this New Left insurgency, as Magnusson describes it, was relatively short lived. With the crisis of Canadian Fordism playing itself out at all spatial scales, the local state has become the object of a significant reorientation and restructuring apposite to the nascent post-Fordist geography of capitalism.

³³*Ibid*, p. 36-42.

³⁴As we saw in the previous chapter, collective consumption, particularly in the United Kingdom was the defining characteristic of the local state. Indeed early theories of the local state were premised on a separation between the collective consumption function of the local state, and the production function of the central state. As we have seen however, the development of the local state in Canada was premised on a production function, albeit one narrowly defined to property-led land-use planning. See Magnusson “Urban Politics and the Local State”, for a discussion of the inadequacy of this dichotomy as a general theory of urban politics.

³⁵Magnusson, “Metropolitan Change and Political Disruption”, p. 594

As in other parts of the industrialized world, Canadian municipalities have become involved more actively in the game of economic development as strategies to ensure the health and vitality of their jurisdictions.³⁶ The context for this reorientation is globalization, where the fall of trade barriers, creation of NAFTA and technological change have made local economies increasingly porous to the exigencies of the global economy and has increased the level of competition with other local spaces. As Andrew argues, municipal governments have come to view themselves as the appropriate actors to take on the mantle of economic development since there is a growing sense that local governments are being left to fend for themselves in the context of downsizing and devolution of costs and responsibilities from the provinces.³⁷ Furthermore, local actors have a renewed sense that they can act through their local state to significantly effect local conditions and economic of prosperity.

In other words extra-local pressures have been brought to bear on urban spaces. This has prompted the construction of a local policy community around economic development. In one sense this represents the "repackaging of old activities" along the lines of a reinvigorated civic boosterism, with an intensification of marketing efforts either through economic development agencies located with the formal structures of local government, or

³⁶On the rise of local economic development in Canada see: C. Andrew, "Globalization and Local Action" in Thomas (ed) *The Politics of the City*, p. 139-150; Gertler, "Economic Development"; Graham, Phillips and Maslove, *Urban Governance in Canada*, chpt 10; M. Skelly, *The Role of Canadian Municipalities in Economic Development* (Toronto: Intergovernmental Committee on Urban Research, 1995).

³⁷Andrew, "Globalization and Local Action", p. 144.

via more arms length, nongovernmental mechanisms.³⁸ In another crucial respect however, this strategic reorientation of the local state embodies a more innovative approach to economic development than is implied with traditional boosterism. As Skelly argues, there has been a shift away from 'smoke stack chasing' inherent in the property-led managerial paradigm of Fordism, to a greater emphasis on fostering the development of a supportive environment for entrepreneurship and small business growth. This includes the provision of management assistance support, helping to identify export opportunities, providing incubator facilities and services, and securing venture capital for start-up companies.³⁹

Perhaps the defining feature of this functional shift towards economic development at the local level is the way in which local actors are constructing a broader economic vision for their region, through the construction of strategic economic plans. These local accumulation strategies are constructed within a governance structure which extends beyond

³⁸Magnusson, "Metropolitan Change and Political Disruption", p. 555.

³⁹For specific case studies documenting local economic development in Canada see: J. Fielding and G. Couture, "Economic Development: The Public's Role in Shaping Winnipeg's Economic Future" in K. Graham and S. Phillips (eds) *Citizenship Engagement: Lessons in Participation from Local Government* (Toronto: Institute of Public Administration of Canada, 1998), p. 25-48; Hutton, *The Transformation of Canada's Pacific Metropolis*; P-A. Julien, "The role of local institutions in the development of industrial districts: The Canadian experience" in F. Pyke and W. Sengenberger (eds) *Industrial Districts and Local Economic Regeneration* (Geneva: International Institute for Labour Studies, 1992), p. 197-214; C. Leo, "The Urban Economy and the Power of the Local State: The Politics of Planning in Edmonton and Vancouver" in Frisken (ed) *The Changing Canadian Metropolis*, p. 657-698; P. Smith, "More Than One Way Towards Economic Development: Public Participation and Policymaking in the Vancouver", in Graham and Phillips (eds) *Citizenship Engagement*, p. 49-77; G. Todd, "Restructuring the Local State: Economic Development and Local Public Enterprise in Toronto" in J. Caufield and L. Peake (eds) *City Lives and City Forms: Critical Research and Canadian Urbanism* (Toronto: University of Toronto Press, 1996), p. 173-194.

the formal boundaries of local government to include private and semi-private actors. In this regard the local state is increasingly open to local business elites associated with the dynamic new industries in a particular local space. This immediately speaks to Jessop's notion of the shift from *government* to *governance* at the level of the local state.⁴⁰

The metabroker charged with developing an economic vision and ensuring coherence within the local mode of governance has tended to be some form of quasi-nongovernmental organization.⁴¹ From their survey of the major metropolitan centres in Canada, Graham, Phillips and Maslove conclude that "we find urban governments tending to focus their economic development efforts by using the vehicles of co-production and other forms of partnerships".⁴² Examples include the Greater Halifax Economic Development Partnership, the Calgary Economic Development Authority, and Vancouver Economic Development Commission, and the Ottawa Partnership. The significance of emerging local modes of governance cohering around economic development policy, is the degree to which they may overcome fragmentation through forging lines of communications between local actors and thereby facilitating the development of a common discourse for the region.

This construction of urban accumulation strategies and the associated re-imaging of the local economy define the contemporary narrative of the entrepreneurial city. The 'local

⁴⁰In the Canadian case the local state has always been relatively fragmented given the plethora of agencies, boards and commissions (ABCs).

⁴¹Graham, Phillips and Maslove use a sports metaphor to describe this relationship where rather than being the team 'captain', local government is more of a 'teampayer' when it comes to economic development; Graham, Phillips and Maslove, *Urban Governance in Canada*, p. 247.

⁴²*Ibid.*

economy' becomes naturalized as an object of governance, where cities and local states become proactive actors on the global stage. This shift away from the passive, managerial/property led model of governance is further reinforced by the marketization of local government. All across Canada, the formal institutions of municipal government have become more business-like in the day-to-day delivery of services. New Management techniques such as 'alternative delivery systems' have been introduced, and the contracting out of services has proliferated.⁴³ Indeed, the use of public-private organizations to implement local economic development policy can also be understood as a form of contracting-out. For example, the Transition Board set up to oversee the amalgamation of local area municipalities into the new City of Ottawa identified a new service delivery model for economic development which included both 'in-house' and 'out-sourced' modes of delivery.⁴⁴

Embodied in the terms 'downloading' and 'disentanglement', local government have been faced with greater responsibilities and a shrinking funding envelope. In Ontario in particular, the province has significantly reduced the level of transfers to local municipalities since the mid-1990s within a discourse of eliminating waste, controlling costs and simplifying government. The Harris provincial government has devolved full responsibility for social housing, ambulance services, public libraries, public transit, some highways and

⁴³See section 5.5 in the next chapter.

⁴⁴As of 1998 only one unconditional grant remained, and virtually all conditional grants were cut; Tindal and Tindal, *Local Government in Canada*, p. 1.

sewage facilities, and community-based health care onto urban governments.⁴⁵ It has also increased the share of costs assumed by municipalities in the spheres of child care, long term health care and costs for General Welfare.⁴⁶ This has forced local municipalities to cut funding to various community groups charged with social policy, and moreover, has often prompted a productivist reordering of social policy embodying a shift in focus from individual dependence on the welfare state, to local employment strategies.⁴⁷

In conclusion, all across Canada local urban governments have become decidedly more pro-active in their strategic economic orientation as they attempt to position themselves vis-à-vis the global economy. For Warren Magnusson this entrepreneurialism marks the triumph of a neoconservative agenda, one which "seems to have succeeded" in inscribing the old limits of local politics for a new age.⁴⁸ Similarly for Tindal and Tindal, contemporary developments in Canadian urbanism reflect a (re)ascendency of a corporate agenda, where the role of the local state is to function at the behest of business.⁴⁹ The extent to which the local state can provide a space for a progressive politics, or even challenge the narrative of entrepreneurialism is highly debatable. While one should not close one's imagination to new forms of social solidarity and democratic participation at the local level, it does seem that

⁴⁵Disentanglement has also meant that the province has assumed some former local responsibilities such as education and the funding of children's aid societies and women's shelters.

⁴⁶The province has also expected localities to bear a significant portion of the costs associated with municipal amalgamation.

⁴⁷Chapter six will highlight the RMOC's *Partners for Jobs* as a case in point.

⁴⁸Magnusson, "Metropolitan Change and Political Disruption", p. 557.

⁴⁹Tindal and Tindal, "Local Government in Canada, p. 13.

on empirical evidence alone the socially progressive nature of the new entrepreneurialism is somewhat circumscribed. The next section identifies the emergence of this new entrepreneurialism in Ottawa.

4.3] Urban Politics in Ottawa: From Managerialism to Entrepreneurialism.

The early economic development of Ottawa was based on timber with the opening up of the Ottawa Valley following the completion of the Rideau Canal in 1826. The subsequent evolution of local government, as in other parts of Canada, was based on a relatively autonomous provision of the basic infrastructure for economic development and civic amenities characteristic of the late nineteenth and early twentieth century industrial period. Ottawa was also chosen as the nation's capital, and early in the twentieth the federal government began to supplant the timber industry as the dominant actor in the region.

The direct presence of the federal government as a major employer and procurer of services laid the foundations for economic well being in the region. In addition, as home to the federal government's science and technology R&D, the federal government significantly contributed to the emergence and subsequent development of Ottawa's technopolis. The origins of Ottawa's technopolis development lie in the relationship between the strong R&D base provided by the federal government and the commercialization of technology by local entrepreneurs. Historically it has been the National Research Council (NRC) and the Communications Research Council (CRC) which have played the role of incubators of high-

tech growth in the area.⁵⁰ The beginnings of the industry go back to 1948 when Computing Devices of Canada Ltd was established to exploit an aircraft technology developed in a government lab. Since this time the NRC has generated 60 high-tech spinoffs and the CRC 56.

In addition to Federal government lab spinoffs, private companies have also provided sources of local entrepreneurialism. For example, Microsystems Int. Ltd (a subsidiary of Nortel) which closed in 1974, spawned Mitel Corp headed by Michael Cowpland and Terry Matthews, who in turn created their own companies, Corel and Newbridge respectively.

With this combination of Schumpeterian creative destruction and solid R&D base, together with a growing interface with the tertiary institutions in the area, Ottawa's technopolis was able to blossom under the "spartan conditions of the 1970s and early 1980s".⁵¹ Institutionally, high-tech development was fostered by the establishment of the Ottawa-Carleton Research Institute (OCRI) in 1983. OCRI was founded by a group of local elites who sought to guide students in Ottawa's three post-secondary institutions into advanced technology careers. The initial group included former Chair of the RMOC Andy Hayden, Doyletech Inc CEO Denzil Doyle, Corel CEO Michael Cowpland and the Deans of engineering and technology faculties at Carleton University, University of Ottawa and Algonquin College. OCRI is interesting since it provides an early example of horizontal

⁵⁰On the historical development of the high-tech industry in the region see; D. Doyle, *From White Pine to Red Tape to Blue Chips: How Technology-based Industries can Provide Continued prosperity for the Ottawa-Carleton Region* (Ottawa: report prepared for the O-C Economic Development Task Force, 1991); and G. Steed and D. DeGenova, *Ottawa's Technology Oriented Complex* (Ottawa: 1982).

⁵¹Steed and DeGenova, *Ottawa's Technology Oriented Complex*, p. 4.

governance, albeit one sectorally based, and a degree of regional government leadership since it was Hayden who was instrumental in bringing together the region's key high-tech players.

This technopolis development coupled with the presence of the federal government meant that the region was generally insulated from the vagaries of the business cycle, at least up until the late 1980s. Moreover, the nature of economic development in Ottawa also shaped the role and development of the local state in the region.

As we saw in section 4.2, the nature of local state significantly changed throughout the course of the twentieth century as the autonomy of local municipalities was severely circumscribed by the provincialization of public administration and the development of the welfare state. While the municipality's role in much of Canada was essentially as a service to local property interests and a transmission belt for higher scaled processes, local politics developed in somewhat of a different fashion in Ottawa. Given the large middle class demographic associated with civil service employment, municipal government became largely concerned with providing services to residents rather than assisting industry and commerce.⁵² As the bureaucracy grew in the Fordist post-war era, a collective consumption orthodoxy began to dominate local urban politics, particularly during the 1970s and early 1980s. Moreover, given the interface between the federal government's science and technology research complex, and Ottawa's early technopolis growth, local business leaders did not generally view the local state and urban politics as vital to their 'production'

⁵²Andrew, "Ottawa-Hull", in Magnusson and Sancton (eds) *City Politics in Canada*, p. 146.

interests.

This is not to say that these interests were absent, but given the overwhelming dominance of the federal government in the local economy, local manufacturers and property-led developers took a back seat at the level of local political power.⁵³ Indeed, the City of Ottawa⁵⁴ in this period gained the reputation of being run by a "tight coalition of socialists".⁵⁵ Mayor Marion Dewar and her predecessor Lorry Greenberg embodied this collective consumption orthodoxy with their visions of Ottawa as a livable and pluralistic city, with policies to foster better social and recreational services, as well as policies to preserve residential communities.⁵⁶

A recession in the early 1980s and the election of the pro-business, pro-development Mayor of Ottawa Jim Durrell in 1985 signalled the end of the hegemony of collective consumption interests in the local mode of governance. Downtown redevelopment of Sparks St, the development of the Ottawa and Hawthorne Business Parks and the creation of an Economic Development department in 1986 within the municipality, underlined a rising

⁵³Property interests were articulated in this period via the Ottawa-Carleton Board of Trade (OCBT), a private sector advocacy group and the Commercial and Industrial Development Corporation of Greater Ottawa (CIDC), a quasi-governmental organization charged with encouraging new firms to settle in Ottawa, as well as providing services to existing ones. The CIDC was set up in the 1960s by the municipalities of Ottawa and Nepean.

⁵⁴The City of Ottawa dominated regional politics within the RMOC, more powerful than the upper tier level of government in this period.

⁵⁵C. Brown, "Left, Right" *Ottawa Magazine*, October (1985), p. 12.

⁵⁶I. Wallace, "Many Lenses: Critical Themes in Diversification in the National Capital Region" in E. Jackson and K. Graham (eds) *Diversification for Human Well Being: Challenges and Opportunities in the National Capital Region* (Ottawa: Centre for the Study of Training, Investment and Economic Restructuring, Carleton University, 1999), p. 20.

“level of business leadership” by local government.⁵⁷ In 1985 the municipality of Ottawa began to review its official plan given that “economic development has traditionally been an area of lesser priority in terms of municipal government roles in the Ottawa area with the seemingly unlimited growth the federal government experienced during the 1960s and 1970s”.⁵⁸ Section 2.0 of the new 1989 Official Plan explicitly recognized the need for local government to shape economic development within the municipality.⁵⁹ To this end the municipality would ensure an adequate supply of serviced land and help expand the employment base by “providing a municipal environment which is conducive to the growth, attraction and establishment of businesses and institutions”.⁶⁰

Throughout the 1980s the other local municipalities constituting Ottawa-Carleton dedicated varying degrees of resources and policy commitment towards an economic policy agenda.⁶¹ Along with Ottawa, the municipalities of Kanata and Gloucester had earmarked a specific economic development unit, while others had planning staff dedicated to an economic development function. By way of comparison, the City of Ottawa had an annual budget of \$1.2m related to economic development, Kanata \$80,000 and Gloucester

⁵⁷A. Latta and I. Theilheimer, “Influence: Who has it? Who knows it? Who shows it?” *Ottawa Business Magazine*, July/August (1990), p. 19.

⁵⁸City of Ottawa, *Economic Development and Employment Areas: Policy Report* (Ottawa: Department of Planning and Development, 1988), p. 8.

⁵⁹City of Ottawa, *City of Ottawa Official Plan. A Vision for Ottawa* (Ottawa: 1989).

⁶⁰*Ibid*, p. 13.

⁶¹Except the residential area of Rockcliffe.

\$220,000.⁶² In this regard, the entrepreneurial shift in governance was first visible in the area municipalities which constituted the broader local state in Ottawa-Carleton.

The rising prominence attributed to economic development by individual municipalities created, however, a fractured and parochial mode of governance vis-à-vis economic development policy in the Ottawa-Carleton region. Each municipality battled with the others to secure their share of lucrative industries and commercial firms, thereby expanding the amount of property assessable for local taxation. This negated any effort during the 1980s to maximise economic development in the region as a whole by creating a coherent integrated approach to growth.

This parochialism was reinforced by the absence of any inclination of strategic economic planning at the regional municipal level. The 1988 Official Plan of the RMOC for example, contained no explicit reference to economic development. Furthermore no staff were dedicated to economic development, and any region wide function directed to this end was devolved to the CIDC. Despite changing its name to the Ottawa Carleton Economic Development Corporation (OCEDCO) in 1985 in order to create a corporate identity and broaden its reach in the community, this region wide economic development agency remained a peripheral and ineffective player. Ironically the City of Ottawa's budget for economic development exceeded that of OCEDCO. Specific criticisms of CIDC/OCEDCO's role as a regional economic development agency included: (i) that its activities were too dispersed, (ii) the ambiguous lines of accountability that existed between this organization and the RMOC, (iii) ineffective leadership and, (iv) a degree of aloofness

⁶²Lithwick, *Economic Development in Ottawa-Carleton*, p. 56.

from local municipalities. The latter criticism led to the creation of the Municipal Advisory Board in 1987 within OCEDCO to better facilitate communication between this organization and municipal staff. This lack of any regional leadership combined with an excessive beggar-thy-neighbour attitude of local municipalities prompted Lithwick in 1988 to observe that “[e]conomic development policy in Ottawa-Carleton is a fragmented and ill conceived effort”.⁶³

Lithwick’s observations, and the study that he authored, proved to be the beginnings of a reconceptualization of economic development policy at the wider regional level. The Lithwick report was written for a wider study on local governance in Ottawa-Carleton concerning the functional division between the RMOC and individual municipalities, together with issues of electoral representation at the regional municipal level. Known as the Bartlett Report, leadership in economic development by the regional government was emphasized in a context of enlargement of trade zones, the development of a global marketplace, technological change and growing competition from the 3rd world.⁶⁴ Institutionally, Lithwick and Bartlett recommended the creation of a new economic development agency based on a partnership model to act as the lead on policy development and implementation.

At the same time these reports were being made public, fears that Ottawa’s high-tech sector was beginning to lose momentum after the relatively prosperous times of the 1970s

⁶³*Ibid*, p. 80.

⁶⁴D. Bartlett, *Ottawa-Carleton Regional Review - Accountability and Representation: Phase One Report*, (Ottawa: 1987); and *Ottawa Regional Review - Functions and Finances: Phase Two Report* (Ottawa, 1988).

and early 1980s for this industry, were being expressed. The latter part of the 1980s witnessed relatively stagnant growth in the high-tech sector, with a declining number of company start-ups.⁶⁵ In 1988 for example, the OCBT and Ottawa-Carleton Research Institute (OCRI) held a workshop to try and figure out how to go beyond what was seen as an impending development plateau for Ottawa's technopolis. At this workshop, the issues of fragmentation, particularly in promotional efforts to market the region as a whole were identified, as were the associated criticisms of OCEDCO's role.⁶⁶

Compounding fears for the high-sector were federal government downsizing and decentralization, together with an economic recession at the beginning of the 1990s. The National Space Agency, for example, had been relocated to Montreal, while the federal Progressive Conservatives had begun to streamline remaining departments located in Ottawa. This sense of crisis prompted the CAO of the RMOC in 1990 to host an Economic Development Forum to "ascertain the appropriateness of RMOC undertaking the development of a region-wide strategic economic development plan".⁶⁷ In addition, the annual report of the same year claimed that it was "critical for regional government to play a partnership role in helping to integrate and articulate a coherent and cohesive vision of the

⁶⁵Doyle suggests that this slowdown can be attributed to the weaknesses in local pools of start up capital, inadequate venture capital incentives at the Federal level, turbulence in the Defence Industries and active policies on the part of the Quebec government to encourage access to lucrative government contracts for high-tech firms. Doyle, *From White Pine to Red Tape to Blue Chips*, p. 38-39.

⁶⁶J. Bissonnette, "Seizing the moment" *Ottawa Business Life*, March, 16-17 (1989), 37-44.

⁶⁷RMOC, *Canada in Transition? - Implications and Opportunities for Ottawa-Carleton and the Outaouais: The Need for an Economic Development Framework* (Ottawa: Executive Committee Report 154, May 22, 1991), p. 4428.

future of Ottawa-Carleton".⁶⁸ In May 1991, the Chair of the RMOC, Andy Hayden mandated a 15 person private sector-led group headed by Len Potechkin and Des Cunningham to prepare an economic development framework for Ottawa-Carleton. The report was submitted to the new Regional Chair Peter Clark under the title *Partners for the Future*.⁶⁹

The report argued that job losses as a result of declining economic growth and federal government decentralization and downsizing must be offset by a diversification of the economic base of the local economy. Furthermore, the RMOC "must respond in a proactive and positive manner to these challenges".⁷⁰ Those industries that were export orientated such as the advanced technology sector gave the most 'bang for the buck', in terms of multiplier effects throughout the local economy, and hence the focus of the reports recommendations. The Task Force argued that a 'community of partnerships' provided the most appropriate means of delivering economic development, whereby a 'learning culture' could be fostered by local government in "close partnership with well targeted economic

⁶⁸RMOC, *Budget 1990: Confronting the Nineties. A Decade of Growth and Opportunity* (Ottawa: 1990) p. xiv.

⁶⁹Ottawa-Carleton Economic Development Task Force, *Partners for the Future: A Strategic Economic Vision for Ottawa-Carleton* (Ottawa: a report prepared for the RMOC, 1992). Attached to the report were several background reports including a report directed specifically at the high-tech sector; D. Doyle, *From White Pine*. In this report Doyle stated the objective of increasing employment in high-tech to 40,000 by the year 2000. Technopolis growth in the subsequent years has made this figure look rather modest, with around 70,000 jobs in high-tech at the beginning of the new millennium.

⁷⁰Ottawa-Carleton Economic Development Task Force, *Partners for the Future*, p. 14.

development organizations and effective business associations".⁷¹ The metabroker in this respect was to be an Economic Development Inc (EDI) responsible to the council of the RMOC, but driven by private sector committees.

The Outaouais was to be included in the community of partnerships, thereby underlying the functional economic integration of Ottawa-Carleton and the Quebec region as a coherent unit. This cooperation between the two sides of the Ottawa river was also evident in a Task Force set up in 1992 to discuss concerns over constitutional issues and federal government downsizing. With around 10,000 jobs located in Hull, and an estimated 1.5 private sector jobs lost for every 1 public sector job shed, both the CUO and the RMOC shared a sense of apprehension for the future.⁷²

The follow-up to *Partners* was an *Economic Development Action Plan* and a *Progress Report* which specified how the various recommendations contained in the Task Force's report would be operationalized.⁷³ Most significantly the action plan identified OCEDCO as the most appropriate vehicle to foster and coordinate partnerships between public and private stakeholders. It is not clear exactly why, given existing criticism of OCEDCO's role, that it should be mandated to perform the role attributed to the EDI. Indeed, the OCBT expressed concerns over the expansion of OCEDCO's role away from

⁷¹*Ibid*, p. 17.

⁷²D. Scanlon, "Task Force fights to stem federal job losses" *Ottawa Citizen* August 26 (1992), B1.

⁷³RMOC, *Economic Development Action Plan for the RMOC* (Ottawa: February, 1993); and *Economic Development Action Plan Progress Report* (Ottawa: December, 1993).

attracting investment and new business.⁷⁴ Perhaps it was the spectre of a "costly bureaucracy" that a new organizational model of economic development might entail.⁷⁵

Other policies included measures to enhance the local business climate through the support for a local Airport Authority's bid to transfer control of Ottawa's airport away from the federal government, the development of direct flights from Ottawa to the major US destinations, efforts to lobby the provincial government to complete highway 416, and support for an Entrepreneurship Centre to foster small firm growth. As in the *Partners* report high-tech was identified as a key area of focus, along with tourism to diversify the economy away from its reliance on the federal government. Finally, the action plan called for the growth of partnerships, such as that with the Outaouais, to reduce barriers to interprovincial trade.

Overall reaction to the *Action Plan* was favourable given the region wide consensus that something had to be done to generate leadership on local economic growth.⁷⁶ There were however, concerns expressed by local municipalities who felt that they were being left out of the economic development picture, given the apparent assumption of leadership for economic policy at the regional level. This fear was later reinforced by the passage of Bill 143 in 1994 which provided the region with new legislative responsibility for economic development. This involved the acquisition and selling of lands for industrial, commercial

⁷⁴Ottawa-Carleton Board of Trade, *Response of the Ottawa-Carleton Board of Trade to An Economic Development Action Plan for the RMOC* (Ottawa: February, 1993).

⁷⁵J. Ibbitson, "Task Force Whimsy" *Ottawa Citizen* April 23 (1992), B3.

⁷⁶R. Denley, "Clark's Plan finally shows some leadership" *Ottawa Citizen* January 7 (1993), B1.

and institutional purposes, which was removed from the authority of local area municipalities and given to the region.⁷⁷

It is clearly evident therefore, that a nascent entrepreneurial strategy began to emerge in the late 1980s and early 1990s, one tied to the crisis facing the regional economy. The geo-economic meta-narratives of globalization, triadization and post-Fordist restructuring were suffused with the place-specific narratives of federal downsizing and decentralization to provide an underlying rationale for the strategic reorientation of the local state towards economic development. The next section takes a closer look at the role of the federal government in Ottawa's local mode of governance.

4.4] The Federal Government and the New Knowledge Economy.

The preceding sections briefly outlined the contours of local state restructuring and the beginnings of a more proactive approach to local economic development in Ottawa. This strategic reorientation of the local state can be situated within the larger dynamic of state rescaling, a process whereby the "Canadian state is dismantling itself, in terms of redistribution policies, while strengthening its capacity to regulate in favour of the priorities of the market".⁷⁸ For example, federal government deregulation and the negotiation of free trade agreements can be understood as being guided by the need to organize new spatial

⁷⁷Bill 143 did however allow local municipalities to continue to develop and sell lands already acquired.

⁷⁸Albo and Jenson, "Remapping Canada", p. 216.

institutional arrangements to correspond to a new, more global phase of capitalist growth. NAFTA is said to facilitate the remodelling of production processes along lines that are more responsive to shifts in international and continental markets. No longer protected by tariff walls, Canadian industries are forced to become lean and mean in the new cut and thrust of the global economy.

Furthermore, deregulation of the financial and telecommunications industries has contributed to the centralization of new forms of capitalist growth in key sites across Canada, particularly in high-tech innovative milieu such as Silicon Valley North.⁷⁹ Recalling the discussion from chapter three, Jessop terms this spatial reordering and construction of new innovation policies, the hollowed-out Schumpeterian Workfare State. While the 'workfare' dimension of this conceptualization is mediated primarily at the provincial level, the federal government has embarked on a national accumulation strategy based on a formal recognition of the exigencies of the new knowledge economy.

The relationship between federal government efforts to construct an industrial policy cohering around the new knowledge economy, and Ottawa's local economy are particularly relevant, since traditionally it has been the presence of the federal government that has contributed most significantly to local economic growth. Moreover, given that Ottawa has developed into the premier high-tech growth pole in Canada, any federal initiative concerning high-tech will have an impact on the region.

Representing an early awareness of the role of new technology, an Emerging Science

⁷⁹See J. Britton, "High-Tech Canada" in Britton (ed) *Canada and the Global Economy*, p. 255-272; G. Dobilas, "The Canadian Financial System in International Perspective" in Britton (ed) *Canada and the Global Economy*, p. 84-100.

and Technology Council (EST) was established in 1984 by the Science Council of Canada designed to increase Canada's competitiveness in microelectronics, biotechnology and advanced industrial materials.⁸⁰ Further underlining the changing nature of industrial production in the emerging knowledge economy, and in one of its last policy statements, the Science Council of Canada emphasized 'local engines' of growth embedded in local institutional networks via the creation of metropolitan technology councils.⁸¹ Similarly, the Liberal's 1993 'Red Book' highlighted policies to nurture an innovative economy based on SMEs, regional economies and cluster-based strategies.⁸² The current federal government's 'industry portfolio' umbrella brings together various players such as the National Research Council (NRC), Industry Canada, the Business Development Bank of Canada and regional-federal development agencies to foster the successful transition to a knowledge-based economy.⁸³ Other examples of federal government efforts to shape and develop 'national systems of innovation' include promoting business-university joint research, commercializing R&D from federal labs such as the NRC, encouraging SMEs to use best practice management technology, efforts to create a 'smart nation' through such initiatives

⁸⁰A. Elzinga, "Foresighting Canada's Emerging Science and Technologies" in J. Brotchie, P. Hall and P. Newton (eds) *The Spatial Impact of Technological Change* (London: Croom Helm, 1987), p.343-356.

⁸¹Science Council of Canada, *Firing Up the Technology Engine: Strategies for Community Economic Development* (Ottawa: 1990)

⁸²G. Paquet and J. Roy, "Prosperity through Networks. The Bottom-Up Strategy that Might have Been" in S. Phillips (ed) *How Ottawa Spends 1995-1996: Mid-Life Crisis* (Ottawa: Carleton University Press, 1995), p. 137-158.

⁸³In 1997 for example, the Industry Portfolio accounted for 42% of all federal science and technology spending; Industry Canada, *The Government of Canada's Industry Portfolio: Building Jobs and Innovation* (Ottawa: 1997), p. 2.

as SchoolNet and the Community Access Program, as well as building and retraining knowledge workers.⁸⁴

While the federal government has clearly adopted knowledge-based supply side measures to enhance the structural competitiveness of the Canadian economy in a globalizing world, it is not evident how successful these measures have been. Indeed as Paquet and Roy point out, efforts to construct a genuine locally-based learning environment through a national system of innovation have failed to materialize.⁸⁵ While this may be true for Canada as a whole, the direct presence of the Federal government in Ottawa with its various R&D facilities and close interpersonal connections between government ministers and local business elites has meant that the federal government has contributed significantly to the economic development of the region.

We saw in section 4.3 how the historical development of Ottawa's technopolis was founded on the solid R&D base provided by such institutions as the NRC and CRC. The federal government has also influenced the economic development of the Ottawa region through the National Capital Commission (NCC) established in 1958. Up until the creation of the RMOC in 1969 by the province of Ontario, the NCC was the only effective planning

⁸⁴S. Gera and K. Mang "The Knowledge-based Economy: Shifts in Industrial Output" *Canadian Public Policy* 24/2 (1998), p. 149-184.

⁸⁵Paquet and Roy, "Prosperity Through Networks"; see also Z. Acs, J. de la Mothe and G. Paquet, "Local Systems of Innovation: In Search of an Enabling Strategy" in P. Howitt (ed) *The Implications of Knowledge-Based Growth for Micro-Economic Policies* (Calgary: University of Calgary Press, 1996), p. 339-358; J. Roy, *Government and Governance in High-Tech Localities: Ottawa-Carleton and Canada's Technology Triangle* (Ottawa: unpublished PhD thesis, School of Public Administration, Carleton University, 1999).

authority and with its ownership of land and spending power related to the development of the greenbelt it continues to exert a degree of influence in the region.⁸⁶ The role of the NCC in beautifying the city is significant in constructing Ottawa as a space of consumption and thereby fuelling the tourist cluster.

In addition, as a procurer of services and a major employer, the fortunes of the region have relied heavily on the federal government. For example, at the time that the RMOC was created in 1969, one third of the local workforce was based on the public service.⁸⁷ It is in this regard that federal government downsizing has had such a large impact on the region, and an important explanation as to why local actors took seriously the need to diversify the local economy away from its reliance on the public sector. Beginning in the 1980s, and increasing apace in the 1990s, the Ottawa region has drastically reduced the level of federal government employment.⁸⁸ Figure 4.1 represents the relationship between the percentage of federal government jobs and those of the high-tech industry.

⁸⁶The existence of this federal planning authority for land in Ottawa has at times created some friction between the NCC and local authorities. The years of debate over what should be done for the development of the Lebreton Flat area is one example; G. Hunter, "NCC must get on bus - or get out of the way" *Ottawa Citizen* February 29 (1994), p. B8.

⁸⁷Woody Gundy Securities Ltd and Equitable Securities Ltd, *The Regional Municipality of Ottawa-Carleton: an economic and financial survey* (Ottawa: 1969), October, p. 6.

⁸⁸The RMOC lost 10,000 federal jobs between 1976 and 1979, however these were merely relocated across the Ottawa river to Hull. This helped to integrate the Outaouais into a wider urban regional economy.

Figure 4.1: Federal Government Downsizing and Ottawa's Technopolis.

The graph clearly illustrates both the decline in public sector employment and the extent to which the high-tech sector has come act as the dominant propulsive engine of local employment growth in the region. Government downsizing and restructuring has spawned a number of issues directed to the local economy. In 1994 for example, the National Capital Region Business Task Force on Downsizing and Decentralization, working with federal ministers and the OCEDCO recommended the establishment of a Community Adjustment Committee. This later became formalized as the Regional Economic Diversification Opportunities (REDO) designed to facilitate the transition of the region from one dominated

by the public sector to that base on high-tech and tourism. With \$2.2m of federal money, REDO supported various local initiatives already underway to diversify the economy such as the semiconductor chip fabrication plant initiative, as well as identifying and encouraging new engines of growth in New Media and Call Centres.⁸⁹

In addition to REDO, the federal government has sought to help create a local innovation pole in Ottawa. In conjunction with OCEDCO, the NRC established a task force in 1995, out of which came the NRC-OCEDCO-OCRI Regional Innovation Forum.⁹⁰ With the general inertia of the federal government's aim of creating a national innovation system, such initiatives directed at the local Ottawa economy stand out and have prompted at least one commentator to suggest 'capital collusion'.⁹¹ This reflects the personal relationships established between local high-tech and political elites, and key federal ministers such as John Manley. While hard to quantify, these informal arrangements are arguably important in fostering policy formation beneficial to the region. Studies of new industrial spaces also reveal the importance of these 'untraded interdependencies' in fostering synergistic capacity of innovation poles. In one sense this capital collusion speaks to a certain degree of de facto 'strategic selectivity' on the part of the central state towards Ottawa.⁹²

⁸⁹REDO, *Regional Economic Diversification Opportunities: Final Report* (Ottawa: 1998).

⁹⁰OCEDCO/NRC, *Action Plan for Innovation in the Ottawa-Carleton Region* (Ottawa: 1995).

⁹¹Roy, *Government and Governance in High-Tech Localities*, p. 139.

⁹²Interestingly this informal state selectivity contrasts with the government of Ontario's more formal policy of developing Toronto as a provincial champion. Indeed, there has been a considerable amount of spatial dissonance between the province and Ottawa as of late, centred around amalgamation costs and its consequences for economic development

The role of the federal government has also been explicitly recognized within the local economic development policy community. The key documents which have come to define the entrepreneurial shift in governance note the need to coordinate a local growth strategy in concert with the various spatial scales implicated in the region. In the most recent formulation, a 'National Capital Region Forum' is envisaged as necessary to provide a liaison between local state actors including the Outaouais, the provinces, and the federal government.⁹³ Closer cooperation between local authorities and the NCC is one dimension of this policy designed to foster greater coordination of urban planning and tourist development.

In conclusion, the federal government's historical role in facilitating economic development in the region cannot be overstated. With the rescaling of the Canadian state however, this role has changed from one of a dominant employer in the region to that of facilitating economic growth more indirectly through nationally orientated high-tech policies (or directly through Ottawa specific strategies). In this manner the federal level is embedded within Ottawa's local mode of governance via the collaborative endeavours and partnerships between federal government institutions and local actors such as OCRI and OCEDCO. The continued presence of both a strong federal R&D base in the Ottawa, and the NCC as a planning body also reinforces the region's technopolis growth.

infrastructure in the new city.

⁹³A. Chaiton, *Putting Ottawa on the Map: A Review of Economic Development Agencies in Ottawa-Carleton* (Ottawa: a report submitted to the Economic Affairs Unit, RMOC, 1999), p. 22.

4.5] The Provinces and Economic Development in Ottawa.

Traditionally, the two provincial governments which have jurisdiction over the broader Ottawa region - the provinces of Ontario and Quebec - have historically had a far less direct impact on economic development than the federal government.⁹⁴ This reflects what Graham, Phillips and Maslove describe as both provinces' "benign neglect of the capital", as well as the dominance of Toronto and Montreal (particularly as financial centres) with high concentrations of economic and political power.⁹⁵ While this disinterest prompted little concern in Ottawa-Carleton, until very recently that is, on the Quebec side of the river, the Communauté urbaine de l'Outaouais Urban Community (CUO) has been a vocal critic of the Quebec government's neglect of the region's dependence on federal government employment, the Ottawa-Carleton region and Ontario infrastructure more generally. A report by the Outaouais Committee in 1992 argued that this region of Quebec received fewer resources for development than other regions in the province and portrayed the Outaouais as an extremely vulnerable area in light of Quebec sovereignty.⁹⁶

In recent years both provinces have paid relatively more attention to the economic development of the region. Moreover, the reorganization of local government which the

⁹⁴Roy, *Government and Governance in High-Tech Localities*, p. 122.

⁹⁵K. Graham, S. Phillips and A. Maslove, *Urban Governance in Canada: Representation, Resources and Restructuring* (Toronto: Harcourt Brace Canada, 1998), p. 240; also. Lithwick, *Economic Development in Ottawa-Carleton*, p. 9.

⁹⁶Outaouais Committee, *The Outaouais and its economic future: Economic Diversification Plan* (prepared for the Quebec Government, 1992).

province of Ontario initiated in the late 1990s has shaped the contours of Ottawa's local mode of governance since it has been motivated in part, by a desire to create globally competitive local spaces. Quebec, too, has been persuaded by these arguments, and recently announced a similar restructuring of municipal government.

On the Ottawa-Carleton side, construction on highway 416 has begun after more than 20 years of lobbying the province for a key link to the United States border crossing and highway 401, the main artery between Toronto and Montreal. The Ontario Ministry of Economic Development and Trade provides funds to local initiatives such as the local Entrepreneurship centre operated by the Ottawa Economic Development Corporation (OED). Communication between the province and local economic development interests is also enhanced through the Ministry's membership within OED. In relation to the high-tech sector, the province funds a centre of excellence situated in Ottawa - the Communication and Information Technology Ontario (CITO) as well contributing indirectly through funding science and technology programmes at the region's tertiary education institutions.

On the Quebec side, the province also funds various local economic development agencies such as the Centre local développement de la CUO under the auspices of the Ministère des Region, and contributes \$1.1b to the Fonds diversification économique de l'Outaouais (FDEO). FDEO is a venture capital fund coordinated by the Société de Diversification économique de l'Outaouais (SDEO), the major local economic development agency across the river. In 1997 the province set up an Information Technology Development Centre (ITDC) in Hull to encourage local and foreign firms in the areas of multimedia and telecommunications. The ITDC confers tax advantages including a five year

tax holiday with exemptions from income tax, tax on capital and tax credits on using eligible equipment. These tax incentives are designed to entice start up ventures to the Outaouais where firms bear 15% of the cost of research investment compared to 30% in Ontario.⁹⁷ In 1997 the province also completed the Hull Casino, a major tourist attraction for the region.

The growing interest from both regional governments reflects, in part, the relativization of scale embodied in the glocalization of the Canadian state. In the introduction to this chapter, it was argued that with federal government downsizing and devolution of costs and responsibilities onto provinces, provinces themselves have been forced to become 'learning regions', if not region states. Whether embodied in Premier Mike Harris's neoliberal 'Common Sense Revolution', or the Quebec government's high-value added strategy and *économie sociale*, both attempt to position their respective provincial economies vis-à-vis the perceived exigencies of the global economy.⁹⁸

Within their respective strategies, the role of local urban spaces is particularly germane to the present discussion. Indeed while the rise of province building strategies and the devolution of powers to provincial state tiers have received a great deal of attention in explaining the shift to the 'learning region', it is also the case that the integration of local

⁹⁷B. Hill, "Hull hopes Quebec grants will lure high-tech firms" *Ottawa Citizen* September 19 (1997), C3.

⁹⁸On Ontario see Courchene, *From Heartland to North American Region State* and Wolfe, "Harnessing the Region". On Quebec's high-value added strategy see P. Graefe, "The High Value-Added Low-Wage Model: Progressive Competitiveness in Quebec from Bourassa to Bourchard" *Studies in Political Economy* 61 (2000), p. 5-30. Graefe argues that Quebec's progressive competitive model of economic development represents a real but limited variation on the more general North American neoliberal model. Principal differences with Quebec INC include a greater sense of social solidarity, increased openness to state intervention and a greater role for the 3rd sector.

spaces into provincial economic growth strategies plays an important role in the success or failure of the competitiveness of provincial economies. With the relative increase in provincial powers and the crucial jurisdictional control over municipal governments, local economic growth may be made to serve 'provincial systems of innovation'. In some cases this has involved the granting of new powers to municipal governments, and the amendments to municipal acts to facilitate the growth of the local economy.

The Ontario government's 1999 *Road Map* is particularly illustrative of this relationship between local urban spaces and provincial economies. The introduction to the report argued that it was essential that "Ontario adopts an attitude of 'think globally, act locally' in all aspects of its economic development".⁹⁹ To this end the report outlined five goals for economic success in the future: (i) knowledge and skills for prosperity (ii) an innovation culture, (iii) a strong global economic orientation (iv) the creation of a strong investment climate, and (v) building on industry and regional strengths. In terms of Ontario's regional strengths, the report called for a special focus on the Greater Toronto Area (GTA), as Canada's primary world or global city.¹⁰⁰ This embodies what was termed in chapter three, 'strategic selectivity', where certain urban spaces become the primary focus for economic development policy. In one sense this is merely continuing the Toronto-centric focus of the province. The report also argues, however, for a more general restructuring of local municipalities to "enable local government with the right flexibility, scale and tools to

⁹⁹Government of Ontario, *A Road Map to Prosperity: An Economic Plan for Jobs in the 21st Century*, (Toronto: Ontario Jobs and Investment Board, 1999), p. 5.

¹⁰⁰*Ibid*, p. 47.

be globally competitive with other communities and regions around the world".¹⁰¹ Indeed since the Progressive Conservatives took power in 1995 the number of municipalities has fallen from 815 to 650 as of 1999. This rationalization of local government serves not only an ideology of less government and less taxes, but as the preceding quotation highlighted, an important vehicle for creating coherent local economic spaces able to compete on the world stage.¹⁰² Commenting on local government amalgamation in Ottawa, Ontario Municipal Affairs Minister Tony Clement claimed that political restructuring is not only vital to those who live in Ottawa, but also critical to Ontario's economic success as a whole.¹⁰³ The reordering of local space is thus being made to fit into a wider provincially inscribed accumulation strategy.

The desire to create globally competitive local spaces has also been institutionalized through the creation of the Office for Urban Economic Development (UED) in 1998 within the provincial Ministry of Economic Development and Trade. According to the Ministry's website, the Office was a recognition of the importance of urban centred regional economies as key growth engines and centres of innovation, together with the fact that many urban centres are growing in size, sophistication and capacity for economic development and therefore may share many of the priorities as the province.¹⁰⁴ To date the UED has profiled

¹⁰¹*Ibid*, p. 64.

¹⁰²The final chapter discusses this rationalization of local government in more depth.

¹⁰³M. Adam, "Unified city a 'magnet for business'" *Ottawa Citizen Online* www.ottawacitizen.com November 12 (1999).

¹⁰⁴*Ontario Ministry of Economic Development and Trade* (www.ontario-canada.com/medt)

many of the key urban spaces in Ontario as well as initiating the prosperity Demonstration Fund to support small scale locally driven partnerships which foster local economic development. In addition to UED, the government's traditional department dealing with local municipalities, the Ministry of Municipal Affairs and Housing has also begun to focus on local economic development. It recently produced a *Municipal Readiness for Economic Development* booklet for small to medium size local governments in Ontario.¹⁰⁵ As a self-assessment question, the booklet gauges the preparedness of these smaller local governments to get into the game of economic development. A score greater than 50 and the municipality is ready for economic development, while one below 20 and there is lots of room for improvement!

On the Quebec side, the government's 1998 *Focus on Jobs*, also encourages local/regional initiatives around economic development, together with developing new economic niches in order to be successful in the contemporary era.¹⁰⁶ As in the case of Ontario, the report selects one key urban space as fundamental to the overall health of the province - in this case it is to develop Montreal into an international financial centre, thereby propelling it along side Toronto into global city status.

Returning to this thesis' main unit of analysis, Ottawa-Carleton, the relationship between the new amalgamated City of Ottawa and the province is rather interesting. On the

¹⁰⁵Government of Ontario, *Municipal Readiness for Economic Development* (Toronto: Ministry of Municipal Affairs and Housing, 2000).

¹⁰⁶Gouvernement du Québec, *Québec Focus on Jobs: Shaping an Innovative Economy - An Economic Development Strategy for Jobs Creation* (Quebec City: Ministère des Finances, 1998).

one hand, amalgamation reflects the provincial government's strategy of creating globally competitive local spaces, albeit wrapped in a neoliberal rhetoric of leaner government and greater efficiency. Yet the means to contribute to this provincial success are not necessarily forthcoming. Since amalgamation for example, a bitter dispute has erupted between Ottawa and Queens Park over infrastructure development. The province is reluctant to provide the new city with the much needed capital funding to facilitate the continued economic growth in the region. Indeed, reflecting its role as provincial champion, Toronto has been allocated half of the provinces' SuperBuild Fund available to all municipalities over the next five years as part of its \$1.5b waterfront revitalization.¹⁰⁷

This discrepancy between the enhanced role of urban spaces in the overall geography of global capitalism, and the means to fulfill this new role, has prompted some to argue for a redefinition of the constitutional status between municipalities, the province and the federal level. The ability to raise taxes above and beyond the property taxation system for example, was heard at a recent Mayors Forum.¹⁰⁸ This implies something of a return to the days of the late nineteenth century where the local state enjoyed unprecedented autonomy from higher state scales.

¹⁰⁷M. Curran, "No money left for Ottawa infrastructure" *Ottawa Business Journal* www.ottawabusinessjournal.com March 12 (2001).

¹⁰⁸C. Wheeler, "Mayors demand 'urban agenda'" *Ottawa Citizen Online* www.ottawacitizen.com February 26 (2001).

4.6] Conclusion.

This chapter has foregrounded the embedded nature of Ottawa's local mode of governance within a rescaled understanding of the Canadian state. The hollowing-out of the central state associated with decentralization and downsizing became implicated in the early formation of a local economic development strategy aimed at diversifying the economic base of the region. While it has been the federal level which has had a more direct impact on local economic development, the reconfiguration of the provincial welfare state and the provincially prescribed restructuring of local government have become articulated with the construction of entrepreneurialism in Ottawa. In chapter six, the debate over amalgamation, and local opposition to welfare state restructuring inform an analysis of the 'politics of scale' in Ottawa.

The next chapter substantiates the evolution of Ottawa's entrepreneurialism throughout the 1990s. One of the central contentions will be that this accumulation strategy was tenuously constructed, and rested upon a number of important cleavages. In this regard, the local policy community ended the decade as they had begun - attempting to redefine and elaborate a successful model of economic growth to ensure the vitality of the region. The Ottawa Partnership (TOP) and its Economic Generator project therefore represents the latest iterative strategy in this context.

Chapter 5: Silicon Valley North - Constructing the Entrepreneurial City.

5.0] Introduction.

The primary claim of this chapter is that the evolution of Ottawa's entrepreneurial mode of governance has been intimately entangled with the imagining of a local economic space of regulation, and the construction of 'Ottawa' as a competitive subject in the global economy. The repositioning of Ottawa as a high-technology milieu, and the related efforts to secure a degree of coherence around this accumulation strategy, have been layered with a series of cleavages which ultimately contributed to an institutional redesign of the entrepreneurial mode of governance at the end of the 1990s. Meta-governance failure illustrates how this entrepreneurial state restructuring is an always incomplete process, one constantly being renegotiated and contested.

The previous chapter contextualized the entrepreneurial reorientation of the local state in Ottawa within a broader scalar framework of Canadian state restructuring. The hollowing-out of the Canadian state through a spatial reordering of geographic scales has delimited the scope for local initiatives in the present globalized post-Fordist environment. Federal government decentralization and downloading, a reordering of economic space associated with NAFTA, together with a transformation in the provincial-municipal relationship have opened up a discursive space for active local action cohering around economic development.

This growing unmediated intervention by the local state in the sphere of economic development marks a transition in the nature of local governance, from a passive property developmentalism to that of a proactive innovative entrepreneurialism. As Jessop, Peck and Tickell argue, this entrepreneurialism is the product of a new hegemonic narrative which stresses that the relative importance of cities and urban regions as socio-economic and political spaces has increased.¹ The new 'work of cities' in the context of industrial restructuring and globalization is to help foster and develop silicon valley enclaves, marshallian districts and other niches apposite for local economic growth. Whether understood in terms of fostering synergistic capacity of economic milieu, or enhancing institutional thickness, a proactive role stems from the "need for cooperation of business and local government at local and regional scales in activities that contribute to international economic competition".² The local state itself is transformed as local governance increasingly replaces local government as the most appropriate conduit for defining a local accumulation strategy.

A local accumulation strategy attempts to demarcate a local economic space with an imagined community of interests. In the case of the National Capital Region of Ottawa this is problematic given that two provinces and a patchwork of local area municipalities overlap the functional economic unit. This thesis has concentrated mainly on the entrepreneurial

¹B. Jessop, J. Peck and A. Tickell, "Retooling the Machine: Economic Crisis, State Restructuring and Urban Politics" in A. Jonas and D. Wilson (eds) *The Urban Growth Machine: Critical perspectives Two Decades Later*, (Albany: State University of New York Press, 1999), p. 153.

²S. Clarke and G. Gaille, *The Work of Cities*, (Minneapolis: University of Minnesota Press, 1998), p. 34.

reorientation of the local state on the Ontario side, though as section 5.2 will argue, a similar story can be told for the Outaouais. Reiterating many of the points presented so far, Iain Wallace argues that the context for an accumulation strategy of economic diversification in the broader Ottawa region is based on: (i) economic restructuring associated with a shift in Fordist modes of growth, (ii) the growth of Ottawa as Canada's leading technopole, (iii) the emergence of cities as key nodes of growth in the global political economy, (iv) the changing nature of governance in urban regions, (v) the changing nature of Canadian federalism, and (vi) the constitutional question of Quebec.³

The preceding chapter discussed the early articulation of an economic strategy directed towards diversification of Ottawa-Carleton. Embodied in the 1992 vision statement *Partners for the Future*, and operationalized a year later by the RMOC, this economic development strategy has provided the basis for a transformation of the local economy away from its dependence on the public sector. As a vision statement for the region, *Partners for the Future* has scripted an entrepreneurial landscape which has witnessed tremendous economic growth and employment in the advanced technology sector throughout the 1990s. Section 5.1 will provide a brief inventory of some of the major economic policy actions which have helped fuel the buoyant local economy.

Despite unprecedented growth in the high-tech sector, visible cleavages were apparent in the local mode of governance. Chief among them was the continual criticism

³I. Wallace, "Many Lenses: Critical Themes in Diversification in the National Capital Region" in E. Jackson and K. Graham (eds) *Diversification for Human Well Being: Challenges and Opportunities in the National Capital Region* (Ottawa: Centre for the Study of Training, Investment and Economic Restructuring, Carleton University, 1999), p. 16-19.

of the role of the putative metabroker - OCEDCO - in implementing an accumulation strategy. The 1997 local municipal election proved emblematic of issues surrounding OCEDCO in particular and local economic development more generally. With the election defeat of Regional Chair Peter Clark by Bob Chiarelli, a new path of local economic growth was chartered with the subsequent formation of The Ottawa Partnership (TOP). A coherent vision for economic development also continued to be fractured by intra-regional competition between local area municipalities. Economic growth in Ottawa-Carleton had created 'have' and 'have-not' municipalities with the majority of high-tech expansion located in Kanata, Nepean and the municipality of Ottawa. With economic growth outstripping the capacity of existing industrial land and infrastructure, the issue whether to attempt to redistribute growth across the whole of the region or strengthen existing locational advantages, has reinforced local parochialism. Section 5.3 will outline these cleavages in the local universe of political discourse.⁴ The institutional response represented by TOP's 'Economic Cluster Strategy' is the subject of the final section.

5.1] Economic Development in Ottawa: A local Project of Globalization.

One of the defining characteristics of the shift to a more pro-active and interventionist local state is the way in which a delimited local space economy has become the object of

⁴Adding to the mix of a politics of scale has been the visceral passions ignited by local municipal restructuring. As chapter six will argue, the theme of economic development has underlined the amalgamation debate and the subsequent creation of the new City of Ottawa.

regulation or governance in a rescaled global geography of capitalist production. Cities, and metropolitan urban regions over the last two decades are themselves important actors, as they construct local accumulation strategies to compete in a highly competitive reterritorialized economic environment. Whether it is growing the next Silicon Valley, or developing other specific niches, local spaces are integral sites where post-Fordist industrial restructuring is being scripted.

As we identified in the preceding chapter, Ottawa's local accumulation strategy has been founded largely on deepening technopolis development, and to a lesser extent tourism. With the high-tech 'bubble' of the late 1990s, the advanced technology sector has underwritten Ottawa's transformation from 'fat-cat government town' to an internationally competitive entrepreneurial city-region. The high-tech sector now generates around \$17 billion worth of annual sales, 90% of which is generated in export markets.⁵ An annual level of venture capital of over \$1 billion helps link enterprising start-up companies with the home of the largest concentration of R&D in Canada.⁶ The following two graphs give an idea of the dramatic growth of Ottawa's high-tech complex in terms of both firm and employee growth in the region.⁷

⁵OED, *Ottawa Facts* (www.ottawaregion.com; 2001).

⁶*Ibid.*

⁷*Ibid.*

Figure 5.1: Technopolis firm growth.

Figure 5.2: Technopolis employment growth.

With considerable employment growth multiplier effects throughout the regional economy, the explosive growth of the high-sector in the latter half of the 1990s has reduced the region-wide unemployment rate to 5.8% as of July 2000, from a high of 9.6% in 1995.⁸ This growth has also begun to implicate a wider spatial scale beyond the immediate urban Ottawa region. Rural areas such as Lanark and Renfrew are increasingly integrated into Kanata's telecommunications hub, while smaller surrounding cities such as Kingston, Brockville and Cornwall are experiencing economic growth in other areas of advanced technology as a result of spatial proximity to Canada's leading innovation pole.⁹

A recent article in a US-based online business magazine waxes lyrically about Ottawa's transformation:

[o]nce home to curmudgeonly cabinet ministers and shifty-eyed government mandarins, Ottawa has become the boomtown of The Great White North. Streets are littered with nouveau-riche techies, cherry-red Ferraris, deep-

⁸OED, *OED's Update on Economic Development* (www.ottawaregion.com; September, 2000). The present rate of unemployed is roughly equal to that at the beginning of the 1990s. The increase during the early part of the decade can be explained largely by the dramatic downsizing of the federal government bureaucracy housed in Ottawa, a downturn in the business cycle, and a growing segment of the local population simply being left out of economic diversification of the region. Growing levels of low income incidence and youth unemployment point to a social polarization throughout the region, issues which have not receded with the reduction in official unemployment figures. Indeed, official figures may well mask significant levels of 'hidden unemployment'. See OED, *Ottawa's Hidden Workforce* (Ottawa: 1998). The existence of this hidden workforce has prompted the development of a labour force strategy called *Partners for Jobs*. See chapter 6.

⁹B. Hill, "Tech boom will go rural: report" *Ottawa Citizen Online* www.ottawacitizen.com, January 27, (2001). By 2030, the wider area of Eastern Ontario is expected to have upwards of 44,000 employed in a high-tech complex integrated into metropolitan Ottawa's more than 400,000 strong technopolis. The figures are based on a recent projections by local high-tech guru Denzil Doyle, as reported in Hill.

pocketed foreign investors and sleep-deprived real estate agents. Ottawa, Ontario, the notoriously stodgy seat of the federal government, is now a feather in Canada's cap.¹⁰

Showing a complete disdain for government in general, interestingly the article completely overlooks the key role of the state in helping to animate this profound transformation.¹¹ Preferring instead to focus on some sort of rugged neo-schumpeterian individualism to explain local economic success, the article misses the profound way in which the local state has nurtured this very 'entrepreneurial spirit', and takes great satisfaction in the concluding observation that while "[g]overnment peons might be sinking...Ottawa's high-tech wheelers and dealers are swimming in the lap of luxury".¹²

This section provides an overview of some of the main economic development policy actions undertaken by the local state during the 1990s which have facilitated the diversification of the local economy.¹³ As a result of *Partners for the Future*, the region of Ottawa-Carleton embarked on a more vigorous strategy to pursue economic growth in 1992. The Ottawa-Carleton Economic Development Corporation (OCEDCO) was charged with promoting this economic development and marketing the region through "uniting the public

¹⁰C. Waxer, "Great White North: Chill Factor Aside, Ottawa's Tech Sector is Hot" *Business 2.0* www.business2.com September (2000).

¹¹The article does acknowledge the federal government's early role as an incubator for high-tech development.

¹²*Ibid.*

¹³The present research is less interested in evaluating individual economic initiatives in policy terms per se. Rather, taken together they become indicative of a discursive narrative of global-localism cohering in and through the entrepreneurial local state.

and private sectors to promote investment and business growth in Ottawa-Carleton".¹⁴ As the advanced technology sector has grown, and federal government diminished, the organization has been strategically reoriented to focus more on direct involvement in the economy as a self-described partnership between public and private sectors which forges networks within and extending out of the local community. Although the RMOC's *Action Plan* redefined its mandate to foster broad economic development, the promotion of the advanced technology sector was clearly established as the priority area of economic development. OCEDCO became the major actor in the entrepreneurial mode of governance during the 1990s.¹⁵

Given this sectoral prioritization, another key organization in the local mode of governance in this period was the Ottawa-Carleton Research Institute (OCRI).¹⁶ OCRI, a non-profit organization, explicitly focusses its energies on the advanced technology sector. Specifically it characterizes itself as "an entrepreneurial but neutral leader of collaborative activities in technology development and exploitation" which "creates a synergy between business, educational institutions and government for enhancing R&D and the commercial exploitation of technology, increasing the technical talent pool and enabling the development of advanced communications for the Region".¹⁷ OCRI has positioned itself as a much

¹⁴OCEDCO, *1994 Business Plan* (Ottawa, 1994).

¹⁵As the chosen vehicle for economic development policy coordination, OCEDCO was also the source of most of the institutional cleavage within the local mode of governance. See section 5. 4.

¹⁶Both OCEDCO and OCRI are funded by the RMOC, though a greater proportion of OCRI's funding comes from fees of corporate members.

¹⁷OCRI, *Strategic Plan, 1996-2000* (Ottawa: 1996), p. 1-2.

needed 'initiator/catalyst/manager' of R&D activities at a time of fiscal restraints affecting government laboratories, grants to business and funding of universities and colleges.

To this end, OCRI is involved in numerous partnerships, alliances and collaborative endeavours such as: the Optical Processing and Computing Consortium of Canada (OPCOM), a collaborative programme designed to accelerate the development of competitive applications in optoelectronics; PARTNERS with the Ottawa-Carleton Learning Foundation (OCLF) to foster a superior cost effective education system tailored to the new knowledge economy, and; the Industrial Research Assistance Programme (IRAP) with the NRC, a federal initiative to stimulate nation wide wealth creation through technological innovation. Also a member of the Canadian Technology Network (CTN), OCRI promotes Ottawa's technopolis development through forging communication links between tech firms, educational institutes and government. OCRI contributes to and hosts technical conferences, workshops and seminars, as well as holding regular activities such as a Technology Executive Breakfast, New Media North and ZoneFive: The Technology marketing Forum.

With a combined membership between OCRI and OCEDCO of over 600 local firms, these lines of communication are not only essential to harness the elusive 'traded and untraded' interdependencies between firms, but also to solidify a coherent mode of governance more broadly. This coherence, summarized by OCEDCO as 'one vision-one voice' underlines the construction of Ottawa's entrepreneurial accumulation strategy since *Partners*.¹⁸

¹⁸Section 5.4 will examine the fragility of this narrative of vision, and how the role of metabroker has ultimately been usurped from OCEDCO to a new institutional configuration embodied in TOP.

To this end, OCEDCO and its 'community partners' or 'stakeholders' - local economic development agencies such as OCRI, OCBT, the Ottawa Life Sciences Council (OLSC) and the Ottawa Tourism and Convention Authority (OTCA), together with various tiers of government - embarked on a series of initiatives to facilitate Ottawa's transformation to a globally competitive local space. In 1992, the Ottawa-Carleton Entrepreneurship Centre was established to foster small business development by providing resources for start-up firms and free legal and accounting services. Coordinated by OCEDCO's Entrepreneurship and Business Development unit, the Entrepreneurship Centre is funded by the RMOC and the province's Ministry of Economic Development and Trade. In addition, with the dramatic downsizing of the federal government in the mid-1990s, OCEDCO and the National Research Council (NRC) aided in the transfer of former public sector employees into local entrepreneurs under the auspices of the REDO initiative.¹⁹ REDO facilitated training sessions for government workers to show them both how to be self-employed and how to create private sector spin-offs from downsized government departments.²⁰

The REDO initiative underlines the point on the nested quality of rescaled state processes that was made in chapter four. This is also manifested in calls by local high-tech leaders to alleviate the labour shortage and 'brain drain' directed at the federal government. Recruitment of highly skilled labour is an extremely high-profile issue across Canada, but

¹⁹See chapter four, section 4.

²⁰Interestingly the Public Service Alliance, the union representing federal government workers pulled out of REDO, refusing to participate in what they saw as the unemployment of their members.

particularly for the Ottawa region given the skill profile required for new knowledge workers. The relatively high level of taxation and exchange rate discrepancies vis-à-vis the United States are front and centre of the brain drain issue. In 1996, the federal government announced a pilot immigration scheme to temporarily lift the immigration requirements for knowledge workers. Despite this initiative, and PM Jean Chretien's protestations that the brain drain is largely illusory, federal government policies continue to provide a point of contention for local high-tech. In this regard, attracting knowledge workers has tended to focus on quality of life characteristics - Ottawa as a livable city. As OED's web site proudly proclaims, Ottawa has been ranked 6th on a list of cities worldwide in terms of quality of life by a Swiss based Management firm.²¹

Federal government regulation of investment capital has also been the subject of local concern in the development of Ottawa's high-tech accumulation strategy. In his report prepared for *Partners*, Denzil Doyle lamented the paucity of local pools of start-up capital as one of the key weaknesses in the 'technopolis wheel' of the region.²² Doyle attributed this gap to inadequate venture capital incentives at the federal level. Since *Partners* however, local initiatives have acted to rectify this situation. OCEDCO's Specific Investment Opportunities (SIO) expedited the growth of business in the region through attempting to

²¹OED *Ottawa Facts* (www.ottawaregion.com: 2000).

²²D. Doyle, *From White Pine to Red Tape to Blue Chips: How Technology-Based Industries can provide continued Prosperity for the Ottawa-Carleton Region*, (Ottawa: prepared for the O-C Economic Development Task Force, 1991), p. 21. Doyle argued that this local problem was compounded by inadequate venture capital incentives at the federal level.

match local companies looking for investment capital with venture capital.²³ Indeed, in recent years there has been a veritable explosion in venture capital financing underlining a growing confidence by both domestic and foreign investors in local start-ups.²⁴ This investment has played a key part in the high-tech bubble of the region.

Key infrastructural developments have been set in place as a result of strategic lobbying of higher tiers of government by OCEDCO and other local actors such as the Ottawa-Carleton Board of Trade (OCBT). For example, after more than twenty years of lobbying the province²⁵, construction of highway 416 was accelerated to provide a direct link to the United States border crossing and highway and highway 401, the main connection between Toronto and Montreal. In the mid-1990s the federal government handed control of the local MacDonald-Cartier Airport to a non-profit Airport Authority board made up of local business people.²⁶ In conjunction with the 'Open Skies' agreement which expanded Ottawa's air linkages to major US destinations, the local airport has become "an economic development tool far more tailored to the particular needs of Ottawa-Carleton than in the past".²⁷ In a symbolic move indicative of Ottawa's arrival as an internationally recognized

²³The SIO has since been renamed the Ottawa Capital Network. The Ottawa Capital Network holds workshops to educate local companies on financing and raising capital as well as hosting an annual Venture Capital Fair, to bring together investors and budding local entrepreneurs.

²⁴J. Bagnell, "Ottawa Valley gold rush!" *Ottawa Citizen Online* www.ottawacitizen.com April 3 (2000).

²⁵OCEDCO, *Annual Report: 25th Anniversary* (Ottawa: 1987).

²⁶Ottawa's airport was privatized in 1997.

²⁷C. Wong, "Commercialization of airport already creating opportunities" *Ottawa Business Journal* 2/22 (1997), p. 8.

technopolis, the first direct flight between Ottawa and San Jose, California took place in March 2001.

Learning from successful examples of innovation and industrial clustering has also informed the strategic reorientation of the local state. A host of locally-based studies examining technopolis development in a comparative context were commissioned. For example, in 1996 a Research Park Task Force headed by OCRI and OCEDCO and drawing from the experience of North Carolina's Raleigh-Durham Research Triangle, examined the possibility of establishing a campus-like research park in the area.²⁸ In the following year Ottawa was host to an international conference to discuss high-tech milieu - *Technopolis '97*. Presentations made to the conference discussed how to grow the next Silicon Valley based on the experiences of successful examples elsewhere²⁹, as well as exposing Ottawa to a wider audience.³⁰

Promoting Ottawa to the world represents a fundamental element of the entrepreneurial shift in governance. Indeed, it embodies a reconstituted civic boosterism in the new rescaled geometry of global-localization. In the place-based wars of today, a coherent marketing strategy can significantly increase the competitive position of urban

²⁸Research Park Task Force, *Research Park Task Force: Final Report* (Ottawa: 1996).

²⁹See B. Hodgson, "Giving Private Sector the Tools", presentation made to the conference *Technopolis '97*, (Ottawa: September 9-12, 1997); P. Roy, "Powerful Synergy for Maximum Growth" *Technopolis '97*; J. Ziemiński and J. Warda, "What Makes Technopoles Tick? A Corporate Perspective" *Technopolis '97*.

³⁰B. Barge, "Ottawa: Technopolis Among the Stars" *Technopolis '97*. More recently the international local/regional industrial clustering literature has informed the 'Economic Generators Initiative' coming out of TOP. See section 5.4.

regions in their attempt to capture, or embed portions of global capital in 'place'. In this regard OCEDCO in conjunction with other 'stakeholders' established the *Future Ottawa* programme in 1995 to promote the Ottawa region via business ambassadors. Although it took another year and a half to develop, a common logo [figure 5.3] representing Ottawa was unveiled to create a common sense of vision and unity between the region's economic development agencies.

Figure 5.3: the Ottawa 'Swoosh'.

Efforts such as the *Future Ottawa* programme to raise the profile of Ottawa as the "entrepreneurial, advanced technology, export-orientated, research capital"³¹ of Canada have also led to a renaming of the key economic development agencies. In 1998 OCEDCO changed to the Ottawa Economic Development Corporation (OED), a move which its president said would help create a "single brand image for the region in the world economy".³² Similarly OCRI changed its name (but kept the same acronym) to the Ottawa

³¹OCEDCO, *Ottawa: Succeeding Globally Through Collaboration - Strategic Economic Development Action Plan 1997-1998* (Ottawa: 1997), p. 1.

³²Brian Barge, quoted in *Ottawa Citizen*, "OCEDCO trims name, narrows focus, adopts new logo" February 27 (1998), C4.

Centre for Research and Innovation. As OCRI president Bill Collins expounded, "I have been on the scene when we have travelled promoting Ottawa-Carleton and this was confusing. Ottawa-Hull was confusing".³³

Using 'Ottawa' also spotlights the functional integration of the Outaouais into the local space economy. While organizations such as OCRI and OED do not have a specific mandate for the Quebec side of the Ottawa river, certain marketing efforts are developed in the spirit of cooperation between the two sides. In 1998 for example, OED and OTCA in conjunction with REDO and the Société de Diversification économique de l'Outaouais (SDEO), partnered to produce an eight minute video, *Ottawa-Outaouais: Canada's Capital Region*.

In addition to promotional materials such as videos and glossy brochures highlighting specific sectors such as telecommunications, multimedia and the semiconductor industry, the local state has been involved in a significant degree of 'intermestic' cooperation, or 'paradiplomacy'. That is, the development of transnational linkages among local authorities.³⁴ Links have been forged with other local high tech spaces such as Austin, Raleigh-Durham, Atlanta and San Jose in the United States, as well as with cities in South Korea, Taiwan and Japan. The outcome of one 'Ottawa Partnering Mission' with the Bay

³³Quoted in M. Adam, "The importance of being Ottawa" *Ottawa Citizen* August 25 (1999), A10. The Ottawa-Carleton Board of Trade (OCBT) subsequently decided to drop the 'Carleton' and are now known as the OBT.

³⁴B. Jessop, "The Entrepreneurial City: Re-Imaging Localities, Redesigning Economic Governance, or Restructuring Capital" in N. Jewson and S. MacGregor (eds) *Transforming Cities: Contested Governance and New Spatial Divisions* (London: Routledge, 1997), p. 36.

Area Economic Forum from San Francisco and San Jose, has resulted in the development of air and potential business links with the world's premier technopole.³⁵ In 1999 Ottawa hosted a delegation from Korea's Media valley, and later signed a memorandum of understanding with the Korean Institute of Multimedia Contents and Software, where Korean Companies would establish themselves in Ottawa and OED would establish an Entrepreneurship Centre in Seoul.³⁶ In 1998 Ottawa hosted 20 delegations from overseas, and launched a promotional campaign in over 140 embassies abroad to promote the region's high-tech growth pole.³⁷

Local representatives have also ridden the coat tails of federal government trade missions abroad. Accompanying PM Jean Chretien's 'Team Canada' mission to Asia for example, allowed local actors to advance the semi-conductor initiative. Beginning in 1996, the attraction of a semi-conductor chip fabrication plant was identified as vital to the future success of the region, an initiative which would fill a gap in Ottawa's high-tech resume.³⁸ Expected to employ around 1000 workers, the region set aside a tract of land, and streamlined planning approvals to attract the \$2 billion Taiwanese chip plant, Mosel Vitelic

³⁵This also reflects an increased cost of living and a shortage of skilled engineers in Silicon Valley itself which has prompted companies to look at Ottawa. One high profile company to already establish itself in Ottawa has been Cisco Systems Ltd. *Ottawa Business Journal*, "US trade mission to forge air links with Ottawa" www.ottawabusinessjournal.com October 23 (2000).

³⁶OED, "Ottawa Advanced Technology Company Pens Deal with Korean Manufacturer" *News* (www.ottawaregion.com: March 20, 2000).

³⁷OED, *Annual Report* (Ottawa: 1998), p. 3.

³⁸R. Boswell, "Region puts on team face to woo high-tech jobs" *Ottawa Citizen* March 13 (1996), A1.

to the region.³⁹ After three years of lobbying and (a surprising level of) cooperation between local municipal economic development departments, region wide economic development agencies and private companies, Ottawa failed to make the short list. Unable to offer free land or tax holidays due to legislative constraints imposed by the province, Ottawa had to rely on a heavy marketing campaign costing over \$100,000.⁴⁰ While ultimately unsuccessful, the initiative illustrates the cooperative bases needed to overcome the "rich history of division in the local economic development game".⁴¹ Moreover, failures such as the Chip initiative, also define a pro-active entrepreneurial local state as much as any successful local economic policy.

Other place marketing initiatives include a multilingual one-stop shop for economic development information established online at www.ottawaregion.com. Run by OED, the website contains promotional material such as *Ottawa Facts* and the *Technology Industry Guide* formerly available as hard copies and boasts 500,000 hits per month.⁴² The website proudly proclaims the various awards it has received for its marketing efforts such as those from the Economic Developers Association of Canada, and the Economic Developers

³⁹K. Gray, "Huge tract of land set aside for \$2b chip plant" *Ottawa Citizen* July 27 (1999), A1, A2.

⁴⁰*Silicon Valley North*, "Without a government partner, the Ottawa chip plant dream is dead", www.silvan.com November, 1999).

⁴¹R. Boswell, "If we create it, they will come...to invest and build" *Ottawa Citizen* April 13 (1996), B4.

⁴²The *Technology Industry Guide*, produced by OCEDCO in partnership with the *Ottawa Business Journal* profiles all of the region's high-tech companies, while *Ottawa Facts* provides broader data on demographic, housing, and local economic indicators.

Council of Ontario for its efforts to promote Ottawa in the global economy.⁴³

The most recent marketing efforts have come as a result of the realignment of economic development institutions through TOP's Economic Generators Initiative.⁴⁴ As one of the 'Flagship' initiatives outlined in the report *Choosing a Future*, the role of external marketing is firmly entrenched as a key component of Ottawa's entrepreneurial accumulation strategy.⁴⁵ The Flagship Initiative may also indicate that 'Silicon Valley North' as a moniker of the region is in need of re-imaging.⁴⁶ As Ottawa's technopolis comes to focus more on fibreoptics and photonics for example, the silicon label is less of a reality as a moniker. Alternative suggestions include 'Telecom Valley', 'Advanced Technology Capital' or 'SmartCapital'.⁴⁷

'Branding Ottawa', the Flagship initiative, not only promotes Ottawa as a high-tech production milieu, but also as a 'space of consumption'. Tourism was identified by both *Partners* and *Choosing a Future* as one of the key areas in the development of an endogenous accumulation strategy. The Ottawa-Outaouais region ranks fourth behind Toronto, Montreal and Quebec City on the list of major Canadian tourist destinations. By

⁴³OED, "Ottawa-Outaouais Region Awarded Top Honours in Marketing" *News* (www.ottawaregion.com: October 20, 1998).

⁴⁴See section 5.4.

⁴⁵ICF Consulting, *Choosing a Future: A New Economic Vision for Ottawa* (Ottawa: report prepared for The Ottawa Partnership, 2000).

⁴⁶J. Laucius, "Beyond Silicon Valley North: Ottawa seeks image update" *Ottawa Citizen Online* www.ottawacitizen.com May 31 (2000).

⁴⁷OED, *Marketing Ottawa Globally - Supporting Business Locally* (Ottawa: 1999), p. 5.

virtue of being home to the historical seat of political power, as well as a number of other major attractions such as the National Arts Centre, the Rideau Canal, Gatineau Park, the Canadian Museum of Civilization and the Hull Casino, Ottawa has developed into a thriving tourism spot. Future initiatives in this area include a Canadian Sports Hall of Fame complex, an aquarium, botanical gardens and an expansion of convention space.⁴⁸

Indeed, whether in terms of beautifying the physical environment, or accentuating arts, culture and entertainment in the Ottawa region as a 'dreamscape of consumption', tourism is clearly related to the wider economic development strategy. The growing level of corporate business associated with the high-tech sector's explosive growth fills not only hotel beds in the west end, but no doubt the coffers of the Quebec government through the in-built 'house advantage' of the Hull Casino! Convention space is stretched as Ottawa becomes the place to be to discuss the 'new economy'. Investment in arts and culture not only attracts tourists to see the latest Renoir exhibit at the National Art Gallery, but highly skilled workers who value the extra-economic, quality of life dimension that high levels of disposable income afford.⁴⁹

With important tourist attractions located over in the Quebec side of the wider National Capital Region, any new moniker used to identify and promote Ottawa will have

⁴⁸K. Chappell, "Tourism: Next 18 months will boost tourism cluster" *Ottawa Business Journal* www.ottawabusinessjournal.com June 5 (2000).

⁴⁹Interestingly, local government funding for arts/culture came up as an issue in the recent elections for the new City of Ottawa. The Transition Board overseeing the amalgamation process had decided to scrap \$500,000 of new funding in this area, prompting both candidates for Mayor to argue for reinstatement on the grounds that this move would be detrimental to Ottawa's quality of life; M. Rodrigue, "Arts funding enters election debate" *Ottawa Business Journal*, www.ottawabusinessjournal.com November 4 (2000).

to include a recognition of the entire region as a spatially demarcated economic unit. The next section briefly problematizes the nature of economic development in the Outaouais, and the way in which a similar strategic reorientation in the local state has paralleled Ottawa-Carleton.

5.2] The Outaouais.

The predominately french speaking region of the Outaouais is constituted politically by the Communauté urbaine de l'Outaouais (CUO), an upper tier level of government. As shown in the following map, the CUO is made up by five local municipalities: the City of Gatineau, Alymer, Hull, Masson-Angers and Buckingham.

Figure 5.4: The CUO and local municipalities.

The CUO was created in 1991 out of the Communauté régionale de l'Outaouais (CRO) and currently comprises roughly 25% of the wider Ottawa region population.⁵⁰ The region's economic base is centred around forestry, public administration and a small high-tech sector. Overshadowed by dependence on a stronger and relatively more diversified Ottawa-Carleton economy⁵¹ and traditionally neglected by the province of Quebec, central government downsizing in the 1980s and 1990s, as well as specific concerns regarding the constitutional status of Quebec, have fuelled a similar reevaluation of economic development at the local political level. In 1986 for example, the Outaouais Alliance, provided an opportunity for the English-speaking community in the Outaouais to express concerns about regional economic development, noting the absence on both sides of the river of an economic vision for the National Capital Region.⁵²

Responding to federal government downsizing, the Quebec government commissioned a study to examine the economic future of the Outaouais given the implications of decentralization and Quebec sovereignty.⁵³ Like the *Partners for the Future* study, the report marks the beginnings of a prioritization towards economic development on

⁵⁰The CUO constitutes the predominately urban area of the region. The wider Outaouais area is also bounded politically by the Municipalité Régionale des Collines-de-l'Outaouais.

⁵¹E. Moore, "A Tale of Two Regions" *Ottawa Business Quarterly* Fall (1992), p. 20, 26, 31-34.

⁵²Outaouais Alliance Economic Development Commission, *Portrait of government intervention and socio-economic situation of the Outaouais*, (Hull: report submitted to the Outaouais Socio-economic Summit, 1986).

⁵³Outaouais Committee, *The Outaouais and its Economic Future: Economic Diversification Plan* (Hull: 1992).

behalf of the local state. Interestingly, given these economic studies on both sides of the river, and buoyed by results of the recent referendum on Quebec sovereignty, some in the region were calling for greater formal economic integration between the two urban areas. According to Gerry Turcotte, president of OCRI at the time and mirroring the rationale for wider free trade spatial arrangements in general, if you “make an economic zone, you will get growth. You’ll have a bigger, more vibrant, more visible business unit”.⁵⁴

Despite this fleeting enthusiasm for closer economic integration, both the RMOC and the CUO subsequently developed discrete economic development institutions and policy arrangements to foster growth in their respective areas.⁵⁵ The Outaouais Committee recommended the creation of an economic development corporation whose main focus was to diversify the Outaouais away from the federal sector.⁵⁶ In 1994, the Société Diversification économique de l'Outaouais (SDEO) was established to promote the Outaouais region both nationally and internationally, diversify the region’s exports and create jobs in the priority areas of tourism, communications technology, forestry, food and agriculture and cultural industries. SDEO is funded by the CUO and is partners in diversification of the region with CUO and its five cities, the Québec Ministères des régions

⁵⁴Quoted in A. Kainz, “local Yes Votes spur talks of capital-area trade zone” *Ottawa Citizen* October 28 (1992), A1.

⁵⁵Nevertheless, from the early 1990s onwards a dialogue had been established which recognized the interdependence of both formal political jurisdictions into one functional economic unit. An Ottawa-Carleton/Outaouais Working Group was established at the local municipal level, while the OCBT worked closely with its counterpart the Outaouais Chamber of Commerce on matters of shared importance such as reducing interprovincial barriers to trade.

⁵⁶Outaouais Committee, *The Outaouais and its Economic Future*, p. 13.

and the Conseil régionale de développement de l'Outaouais.

To achieve these goals the SDEO's Fonds de diversification économique de l'Outaouais (FDEO) provides venture capital financing for start-up companies and its 'Outaouais-Export' initiative serves as a gateway for small the area's businesses to the world markets.⁵⁷ In terms of high-technology, CUO is home to over 3000 jobs in this sector, mostly located in the City of Hull. Hull's 'Technoparc' now house notable firms such as Compaq Canada and CML Technology Ltd, and its recent 'Hull-Ville branchée' (Hull-Smart City) initiative is designed to profile the region's small, but growing high-tech sector.⁵⁸ Since 1997 SDEO has pumped \$4.5 m into local high-tech companies.⁵⁹

The region exhibits an interesting and ambiguous relationship to the Ontario side of the Ottawa river in terms of economic development. On the one hand, the region markets itself to the world as part of a wider economic space, underlining its role as part of a buoyant regional economy. SDEO's website, available in english since early 2000, identifies the strengths of the Ottawa region as a whole (strong R&D base, innovative entrepreneurial environment, the 4th largest urban region in Canada) as attributes of the Outaouais in particular and therefore reasons to invest. Similarly, the CUO's recent *Development Plan* argues that diversification must take place by "capitalizing more effectively on the proximity of the Region of Ottawa-Carleton (ROC) in order to develop a complementary structure".⁶⁰

⁵⁷SDEO, (www.sdeo.qc.ca: 2000)

⁵⁸City of Hull, (www.ville.hull.qc.ca: 2000)

⁵⁹B. Salisbury, "Outaouais needs collective high-tech voice" *Ottawa Business Journal* www.ottawabusinessjournal.com June 26 (2000).

⁶⁰CUO, *Development Plan* (www.cuo.qc.ca: 1999).

The Outaouais has also been involved with economic development policy on the Ottawa-Carleton side with participation in the 1998 Economic Development Conference hosted by OED.⁶¹ As we saw in the previous section, the Outaouais and the RMOC have also been involved in joint marketing efforts of the region as a whole.

On the other side, the Outaouais is often positioned *against* developments in Ottawa-Carleton. In its Top 10 reasons to invest in the Outaouais, SDEO highlight some of the unique features of the region which set it apart from Ottawa-Carleton such as a lower costs of investment and available provincial tax credits. Fears that the recent high-tech bubble is leaving the Quebec side out in the cold have prompted calls for a collective high-tech voice in the CUO to articulate the particular strengths of this region.⁶² In addition, with the amalgamation of the eleven municipalities of Ottawa-Carleton into the new City of Ottawa as of January 2001, the prospect of a stronger and more unified Ottawa suggests that the Outaouais will have more trouble competing internationally than it already does. At least this is the position espoused by chairman of the Outaouais Chamber of Commerce and Industry, Alain Fredette.⁶³ This CUO business group commissioned a \$100,000 study regarding political amalgamation on the Quebec side of the Ottawa River, which proved prophetic since the Quebec government has recently announced the amalgamation of municipalities

⁶¹D. Mellon, "Outaouais sets sights on diversification" *Ottawa Business Journal* 3/42 (1998), p. 11.

⁶²Salisbury, "Outaouais needs collective high-tech voice".

⁶³K. Chappell, "Outaouais Commissions Amalgamation Study" *Ottawa Business Journal* www.ottawabusinessjournal.com Nov 8 (1999).

all across Quebec.⁶⁴ Siting a now familiar argument for local political rationalization, Hull Mayor Ducharme argues that this amalgamation will improve the Quebec's region's economy by making it more attractive for investment.⁶⁵

Overall however, any interprovincial competition within the economic region provides only a mild source of cleavage within the wider purview of Ottawa's entrepreneurial local state. Certainly from the viewpoint of policymakers on the Ontario side at least. More interesting for our purposes has been the institutional and inter-municipal rivalries in RMOC, cleavages which reveal the fragility of the local project of entrepreneurialism inaugurated since *Partners for the Future*.

5.3] Creating Coherence or Governance Failure?

In section 5.1 we outlined some of the economic development policy actions taken during the 1990s underlining the tendential shift on the part of the local state towards a more supply-side interventionism. This strategic reorientation of the local state was mediated by a structural transformation in governance as local economic development policy was activated by a web of horizontal public-private partnerships and collaborative endeavours implicating all spatial scales of the state. Holding together a growing heterarchical organizational structure vis-à-vis economic development, at least rhetorically, was the

⁶⁴P. Bailey, "PQ will be 'thrown out' over mergers" *Ottawa Citizen Online* www.ottawacitizen.com November 16 (2000).

⁶⁵*Ibid.*

Ottawa Economic Development Corporation (OED), the chosen vehicle for coordinating the 'community of partnerships' and constructing a region wide economic vision.

Even a cursory inspection of Ottawa's entrepreneurial strategy reveals that the 'one-vision, one-voice' discourse promulgated by OED failed to materialize. Ottawa's governance structure was layered with interlocking institutional and intra-regional rivalries which culminated in the 'election' of a new metabroker at the end of the decade.

At the inter-municipal level the parochialism which Lithwick had earlier identified during the 1980s continued to come to the fore during the 1990s. Although circumscribed somewhat by the inability to acquire new land for development, local area municipalities continued the beggar-thy-neighbour policies of the previous decade by attempting to attract new firms and industries to existing industrial land. In 1993 for example, the City of Kanata commissioned a task force to report on the municipality's own economic development strategy. The outcome of this was a streamlined, fast tracking of planning approvals at City Hall designed to facilitate the rapid expansion of high-tech development in the area, together with the development of a coherent marketing strategy.⁶⁶

Many saw this marketing focus of the local municipality as detrimental to the region as a whole, particularly as it undermined any marketing strategy developed by OED. Two examples underline this point. In 1996 Kanata submitted its own bid to the *Globe and Mail's* list of TOP 5 places to do business, whereas OCEDCO, as in previous years, made

⁶⁶J. Wilson, "Focus on Kanata" *Ottawa Business Journal* 1/3 (1995), p. 41.

a submission of behalf of all the municipalities of Ottawa-Carleton.⁶⁷ Secondly, and more recently, in a snub to a OCRI/RMOC bid Kanata supported Lanark in a nation wide federal government competition - 'Smart Communities'. Ironically, OCRI is itself located in Kanata right in the hub of high-tech firms. As one of 24 submissions, Ottawa-Carleton was ultimately designated as Ontario's Smart-City.⁶⁸

Indeed, much of the politics of development revolved around a certain degree of Kanata-envy. As the cluster of high-tech firms grew in Kanata and Nepean during the 1990s, there clearly emerged a regional imbalance between the western and eastern parts of Ottawa-Carleton. In 1994 a *Capital East Technology Enterprise Network* was established to foster growth of technology companies in Orleans, Cumberland and Gloucester.⁶⁹ The *Network* was openly hostile to what it saw as the parochial attitude of Kanata's economic development and planning officials who would rather rezone land for the expansion of Newbridge Networks for example, than assist the RMOC and its partners to develop available space in the eastern part of the region.⁷⁰ For its part, the RMOC tended to side with the arguments of Kanata and Nepean, given a "recognition that not all parts of the urban area

⁶⁷M. Sutcliffe, "Best Cities award ignites controversy" *Ottawa Business Journal* 2/2 (1996), p. 1, 2. Kanata economic development officials argued that the issue revolved around whether OCEDCO was doing an effective marketing job for Kanata. Obviously they did not think so.

⁶⁸K. Gray, "Kanata backs 'smart' status for Lanark" *Ottawa Business Journal* www.ottawabusinessjournal.com May 11 (2000). OCRI was awarded \$5 million worth of federal government funding to develop its winning SmartCapital high-tech project.

⁶⁹C. Wong, "Should the west share with the east?" *Ottawa Business Journal* 3/4 (1997), p. 3.

⁷⁰Capital East Technology Enterprise Network, "Letter: Kanata's attitude to development 'parochial'" *Ottawa Business Journal* 3/3 (1997), p. 9.

offer the same economic advantages and to focus our resources on the most promising".⁷¹ Moreover, "[g]rowth in the high-tech sector benefits everyone in the region. With limited resources efforts should be focussed on ensuring those areas with the 'best bang for the buck' receive priority for scarce servicing dollars".⁷²

Dismayed by this lack of attention to the economic development of the eastern part of the RMOC, Cumberland Mayor Brian Coburn helped set up a Task Force on Economic Development in 1995 to give focus to constructing an economic development strategy tailored to the east-end of the region. The report argued that the east needed to develop specific niches of economic growth in order to transform these municipalities away from mere 'bedroom communities' for the rest of Ottawa.

With large tracts of undeveloped land, high office vacancy rates and three business parks largely unoccupied, the east has only been moderately successful in this respect. A call-centre cluster has developed there with the US MBNA Bank and The Mutual Group among others setting up their Canadian headquarters in Gloucester. With the location of the NRC in the east, some have identified a small but growing cluster around bioscience technologies as positive signs for this part of the region. In addition, local Mayors and economic development officials had hoped that landing the semi-conductor chip fabrication plant in Ottawa, which was designated in the east-end, would provide a much needed stimulus for economic growth in the area such as Nortel and Newbridge Networks had been

⁷¹RMOC, *Proposed Regional Development Strategy: Draft* (Ottawa: Policy Division, Planning and Property Department, 1996), p. 22.

⁷²*Ibid*, p. 23.

in the west.⁷³ Cumberland Mayor Gerry Lalonde claimed that “[t]he plant is so important it is unbelievable..Its humongous. This is something we have never seen before”.⁷⁴

With amalgamation into the new City of Ottawa these development issues are far from being resolved. In February of 2000, the RMOC Planning Department commissioned a study to determine where high-tech firms prefer to locate, given that the conventional wisdom did not ring true that once available tracts of land for development had been exhausted in Kanata and Nepean the high-tech boom would flow east.⁷⁵ This was an acknowledgement of an “incendiary issue that will determine the future of economic development in Ottawa-Carleton for years to come. Its also an issue that risks splitting the region between the haves in the west and the have-nots in the east”.⁷⁶ In the lead up to the 2000 municipal elections, the issue of development and infrastructure has taken centre stage. High profile advocates such as TOP Chair Rod Bryden and Adam Chowaniec president of Tundra Semiconductor Corp and chair of OED, have called for more land and services to be made available for further west end expansion, despite the glut of developable land in the east. For others, these views once again reiterate the west-centric attitude of Ottawa’s

⁷³K. Goff, “Capital East: Will Technology take notice” *Ottawa Citizen*, April 27 (1998) , D1, D2; K. Goff, “Shenkman aims to lure tech firms to east end” *Ottawa Citizen Online* www.ottawacitizen.com July 13 (2000); D. Quan, “East end needs ‘to land a big fish’” *Ottawa Citizen Online* www.ottawacitizen.com November 1 (2000).

⁷⁴Gray, “Huge tract of land set aside”, A2.

⁷⁵J. Fields, “RMOC commissions study to quell development battle” *Ottawa Citizen Online* www.ottawacitizen.com February 12 (2000).

⁷⁶M. Curran, “Diversify economy to balance economic growth” *Ottawa Business Journal* www.ottawabusinessjournal.com February 21 (2000).

economic development strategy.⁷⁷

Other lines of fissure in the local mode of governance include hostility between local chambers of commerce and the Ottawa-Carleton Board of Trade (OCBT), together with a rupture between suburban municipalities and the City of Ottawa/RMOC over the issue of one-tier government.⁷⁸ Hostility to a provincially imposed amalgamation of local municipalities was an issue that local political elites in Cumberland, Gloucester, Kanata and Nepean could all agree on.

Unlike the local government restructuring debate however, municipal political elites had a common point of contention with the OCBT over the role of the region's arms-length delivery agent for economic policy - OED. This proved to be the most important source of cleavage in the construction of an entrepreneurial mode of governance.

Despite a rather peripheral position in the context of Ottawa's economic development for most of its existence, together with a mild degree of criticism of its role, the Ottawa-Carleton Economic Development Corporation emerged in the early 1990s as the region's arms-length umbrella for economic development policy.⁷⁹ As the decade progressed

⁷⁷K. Goff, "East end warns of infrastructure crisis" *Ottawa Business Journal* www.ottawabusinessjournal.com October 2 (2000).

⁷⁸The two tended to coalesce as one since local municipalities were supported by their chambers of commerce in opposition to OCBT's vocal support for local government restructuring. Local chambers of commerce also felt that the OCBT did not speak on behalf of their municipality's business interests. The perception was that it was really just a local chamber of commerce for the City of Ottawa. R. Boswell, "Business needs unity" *Ottawa Citizen* August 29 (1995), C3.

⁷⁹Both the 1988 Lithwick review of local economic development for the *Bartlett Report*, and *Partners for the Future* had recommended alternative organizational mechanisms for an active economic development strategy other than OCEDCO.

however, a "lack of both focus and flexibility" undermined OCEDCO's mandated claim of being an empowered, semi-autonomous agency for economic development.⁸⁰ Continual criticism of the diversity of its activities and its alleged failure to partner effectively with local actors meant that as a metabroker, OCEDCO was unable to construct the foundation necessary for cooperation and coordination of economic development efforts on a region-wide scale. In short, 'one vision - one voice' was undermined by a shared, overlapping and contentious jurisdiction of economic development.⁸¹

One element of this overlap concerned the friction between economic development and planning units situated in local municipalities and the broader mandate of OCEDCO for creating a coherent accumulation strategy for the region. It has already been noted that individual municipalities were concerned with the diminished role allotted to them by the Region's 1993 *Economic Development Action Plan*.⁸² Despite this, for the most part they continued their parochial efforts to attract firms and develop industrial land within their specific political jurisdiction. With individual marketing efforts, it is evident that local municipalities felt that OCEDCO was not necessarily speaking on behalf of their particular

⁸⁰J. Roy, *Government and Governance in High-Technology Localities: Ottawa-Carleton and Canada's Technology Triangle* (Ottawa: unpublished PhD thesis, School of Public Administration, Carleton University, 1999), p. 144.

⁸¹Roy, *Government and Governance in High-tech Localities*, p. 52.

⁸²Given that the responsibility for acquiring new land for industrial expansion now rested at the regional level, the very role of local economic developments became to be questioned vis-à-vis the region. *Ottawa Citizen*. "Art of the Possible" editorial, October 19 (1994), A10. In Vancouver for example, the City eliminated its economic development department in 1995 as the Greater Vancouver Regional District (GVRD) assumed a broader economic development function; K. Graham, S. Phillips and A. Maslove, *Urban Governance in Canada: Representation, Resources and Restructuring* (Toronto: Harcourt Brace, 1998), p. 246.

interests.⁸³ Moreover, the absence of any redistributive strategy of economic development throughout the region by OCEDCO and the RMOC, prevented most efforts to transcend this local particularism vis-à-vis economic development.⁸⁴

With amalgamation however, the formal nature of this cleavage has disappeared with the concomitant amalgamation of individual economic development and planning units into the new City's Business Development Branch. As we suggested however, the issue of intra-regional asymmetries in economic development will likely remain ever present. Amalgamation also spotlights the long held animosity between local chambers of commerce, supporting suburban interests and the Ottawa Board of Trade (OBT).⁸⁵ It remains to be seen whether all business groups in the region will be folded into the OBT, or whether existing local chambers will be autonomous. One thing seems certain however, these local chambers will have less direct access to political influence since a formal local political structure no longer exists for them to articulate their concerns.

Another important institutional cleavage during the 1990s concerned the 'turf war'

⁸³With property taxes obviously affecting the financial well being of the municipality, it is quite easy to understand these individual efforts to expand the local tax base without regard for other municipalities in the region. With financial stability comes enhanced provision of local amenities and services to residents. Indeed the relative financial security of municipalities such as Kanata and Nepean became arguments against amalgamation, since local political officials of these cities argued that their residents should not be burdened with the debt inherited from the Region and other municipalities.

⁸⁴The semi-conductor initiative represents an important exception to this. All municipalities were onboard efforts by OCEDCO and its partners to attract the plant to the region, and to the east end in particular. Obviously the existence of a chip plant in the region, where ever it was situated would be a significant boost to the local semiconductor industry in Kanata and Nepean.

⁸⁵K. Chappell, "Showdown looms for biz groups" *Ottawa Business Journal* www.ottawabusinessjournal.com January 31 (2000).

between OCBT and OCEDCO. A significant degree of functional overlap existed between the two groups for most of the 1990s. In the early 1990s, both organizations struck committees to study the feasibility of establishing a Research Park in Ottawa, as well as the impact of federal government downsizing. Both claimed to represent business and held membership activities, or as challenger to Regional Chair in the 1997 municipal election, argued 'dances and socials'.⁸⁶ Indeed, Katherine Graham, in 1995 termed OCEDCO a "pseudo-Board of Trade".⁸⁷

The fate of the 'World Trade Centre', an initiative spearheaded by former Ottawa Mayor Jim Durrell is indicative of this "relentless and pernicious turf wars among business organizations in the Ottawa area".⁸⁸ Set up in 1991 from Regional funds as a one stop shop for local business to export overseas, by 1993 it was effectively dead in the water as a result over issues of control between OCEDCO and the OCBT.

Concerns expressed by both the OCBT and local municipalities over the mandate of OCEDCO forced the region to reevaluate its preferred vehicle for regional economic development policy. The 1994 municipal election provided an initial but somewhat muted forum for these concerns. Challenger for Regional Chair Frank Reid for example argued that OCEDCO did not provide the direction necessary for shaping economic growth.⁸⁹ An editorial in the *Ottawa Citizen* suggested that "[d]espite years of talk and mountains of

⁸⁶Quoted in the *Ottawa Citizen*, "Our golden opportunity" December 2 (1997), C4.

⁸⁷R. Boswell, "Whose in Charge?" *Ottawa Citizen* September 9 (1995), E1.

⁸⁸D. Scanlon, "Two-bit turf wars leave ballyhooed WTC nearly belly up" *Ottawa Citizen* April 20 (1993), F3.

⁸⁹B. Hill, "The challenges to diversify" *Ottawa Citizen* November 12 (1994), F1.

studies, its not even clear who is in charge of economic development locally".⁹⁰ For his part, incumbent Peter Clark preferred to focus on his record of no tax increases in a growing era of financial squeeze at all levels of government. He argued that a new environment of consensus was being established, even if it did exist primarily behind the scenes.

Although Clark was reaffirmed as Regional Chair, a formal evaluation of OCEDCO's role took place the following year which resulted in a significant shake-up for the organization. In January 1995 a task force of RMOC council members and the private sector was established.⁹¹ In the course of debate over OCEDCO's role prompted by the task force, many began to question the specific locus for economic development policy. Echoing the *Partners for the Future's* EDI, Willy Bagnell president of OCBT and Len Potechkin of OCRI reiterated the calls for one single super-organization for economic development in the region which would more formally integrate the various business organizations and sectoral agencies under one roof. According to Bagnell "someone in San Jose, California doesn't know Nepean or Gloucester from a hole in the ground. They know Ottawa".⁹² Something akin to an Ottawa Economic Development Inc would better serve the region in its global marketing and promotion efforts.

A different line of argument was being articulated from some local politicians. At a

⁹⁰*Ottawa Citizen*, "Art of the possible", p. A10.

⁹¹The formal rationale for this evaluation of OCEDCO was the implications for this organization's role as a result of Bill 143 and the new regional responsibility for land acquisition and development. The review ultimately delegated this responsibility to the Planning and Property Services Department of the Region since, it was held that this function was beyond the financial capabilities and abilities of OCEDCO.

⁹²Quoted in Boswell, "Who's in Charge", p. E1.

Ottawa-Carleton Mayors Forum for example, debate centred around changing OCEDCO into a 'department' of the region.⁹³ Councillor Linda Davies suggested that given the apparent overlap between the OCBT and OCEDCO, a streamlined OCEDCO should be housed within the formal structures of local government.⁹⁴

At the end of the day, those that argued that OCEDCO should remain relatively independent from the region won out. The region reaffirmed the its 1993 mandate as a "umbrella organization to foster and coordinate partnerships between public and private stakeholders".⁹⁵ Though the effectiveness and execution of this task needed to be greatly enhanced. This was reaffirmed in a survey of business commissioned by the RMOC. While 30% approved of the role of OCEDCO, most executives sampled identified a need for a more focussed and effective promotional role for OCEDCO.⁹⁶ The survey also indicated that too many layers of local government, together with the familiar arguments concerning red tape and taxes were inhibiting local economic growth. One immediate outcome of this evaluation of OCEDCO was the firing of president Keith McGruer and vice-president Alain Sekula. The shake-up also contributed to a greater organizational focus on external marketing and the shift to a partnership-based and project driven as opposed to a membership-based organization. As we noted in section 5.1 the *Future Ottawa* initiative

⁹³M. Nichols, "Letter to Peter Clark" in RMOC's *Corporate Services and Economic Development Report* (Ottawa: July 16, 1995).

⁹⁴*Ottawa Citizen*, "Two Novice Councillors view on local politics" November 19 (1995), A11.

⁹⁵RMOC, *Corporate Services and Economic Development Report*, p. 4637.

⁹⁶The Corporate Research Group Ltd (1995) *Interviews with a Sample of Business Executives in Ottawa-Carleton* (Ottawa: prepared for the RMOC, 1995).

was established in the latter half of 1995.⁹⁷

After two years of internal organizational transformation within OCEDCO however, many of these issues remained present. The 1997 municipal election proved to be particularly interesting in this regard since local economic development was a hotly debated election issue between Regional Chair Peter Clark and Bob Chiarelli. Chiarelli had made criticism of Clark's approach to economic development, and of OCEDCO in particular, key planks in his election platform.

As MPP for Ottawa West, Chiarelli had argued that OCEDCO should be dismantled or at least significantly scaled back.⁹⁸ As a publically funded institution it should hold fewer membership-based events and become more accountable to the needs of the entire community.⁹⁹ The region also had to do a much greater selling job in terms of marketing Ottawa's virtues as a high-tech science city.¹⁰⁰ The *Globe and Mail* for example, in its report of the best metro areas for exports, ranked Ottawa behind the likes of the 'global cities'

⁹⁷P. Dare, "Local businesses unite to put Ottawa area on the map" *Ottawa Citizen* October 21 (1995), E1.

⁹⁸M. Sutcliffe, "OCEDCO should be scaled back, says Chiarelli" *Ottawa Business Journal* 2/17 (1996), p. 1,2.

⁹⁹Issues of accountability and representation are extremely relevant in examining the nature of entrepreneurial governance. As we saw from the international literature on urban politics, democratic control and inclusiveness are increasingly problematic in governance structures exhibiting a high degree of business participation. We will return to this theme in the last chapter. Interesting to note, since assuming Regional Chair (and becoming Honorary Chair of OCEDCO) Chiarelli has tempered his election criticisms of the organization which he attributes to a "significant meeting of the minds". C. Wong, "Chiarelli reverses campaign criticism of OCEDCO" *Ottawa Business Journal* April 13 (1998), p. 3.

¹⁰⁰B. Hill, "Visions of the Future" *Ottawa Citizen* November 6 (1997), C1.

Sarnia and Fredericton!¹⁰¹ Later in the year the Bank of Nova Scotia ignored Ottawa in its 11 city survey, claiming that Montreal constituted Canada's high-tech capital.¹⁰² The widely held perception of Ottawa as a 'government town' was further underlined in a report released by OCBT in the run up to the election.¹⁰³ The report declared that "the Region has a low profile both beyond and within its borders. Its image is not well formed and is ridden by misconceptions or ignorance about its business environment. This reduces the effectiveness of our efforts and means that some of them may well be misdirected".¹⁰⁴ The report's timing proved fortuitous for the challenger Chiarelli critical as he was of Clark's chosen vehicle for economic development.

Summarizing Chiarelli's criticism's, a consultant on his campaign wrote:

OCEDCO displays serious weaknesses and a marked lack of success. Its accomplishments are mostly small-scale and within the region. Its external marketing effort is tiny and its anaemic marketing focus lacks discipline and direction. Its claim to be the chief engine and architect of economic growth in the region is a gross exaggeration...The absence of a crisp, dedicated focus is fatal.¹⁰⁵

¹⁰¹S. Kirkey, "Region fails to make list of Top 10 export markets" *Ottawa Citizen* July 26 (1997), D3.

¹⁰²B. Hill, "High-tech survey snubs Ottawa" *Ottawa Citizen* September 12 (1997), F3.

¹⁰³N. Papadopoulos, *Competitive Profile of a World City: Ottawa-Carleton Compared to Leading Centres in North America* (Ottawa: report prepared for the Ottawa-Carleton Board of Trade, 1997).

¹⁰⁴*Ibid*, p. 1.

¹⁰⁵Quoted in *Ottawa Citizen*, "Our Golden Opportunity", C4.

At the time of the election Chiarelli proposed redirecting OCEDCO away from a wide variety of activities in order to concentrate on marketing and communications, and leaving business development to organizations such as OCRI and OCBT. To increase accountability, greater political direction was needed to be shown at the regional government level.

Clark by contrast, favoured a low key involvement by government in relation to economic development. Local government's role is to keep costs and taxes to a minimum and to "provide the infrastructure of a livable city, and then stand back and watch business take off".¹⁰⁶ This narrow philosophical understanding of the role of government perhaps partly explains why the recommendation of *Partners* for an EDI was not pursued and instead simply handed over to an existing economic development agency. Given the mounting criticism of the role of OCEDCO, and the degree to which economic development efforts continued to remain relatively fractured, Chiarelli's arguments ultimately proved more persuasive for region's voters as a whole.

The election of Chiarelli in the Fall of 1997 marks the beginnings of another reevaluation of Ottawa's entrepreneurial accumulation strategy. It also rehabilitated the earlier idea of an Economic Development Inc, a more encompassing vehicle for the co-production of economic development policy between local government and other actors within the local state.

¹⁰⁶Quoted in *Ottawa Citizen*, "Mr Clark and the vision thing" editorial, October 17 (1997), D4.

5.4] Back to the *Future*: Institutionalizing Local Economic Development Policy.

Bob Chiarelli campaigned on an election platform explicitly directed towards strengthening the entrepreneurial redirection of the local state towards economic development. While local efforts to construct an accumulation strategy designed to insert Ottawa as a high-tech node into the global economy were partially successful in terms of the overall growth, they failed to garner the requisite cohesion among key institutional actors within the local mode of governance. As the previous section outlined, a number of cleavages animated the local universe of political discourse: a local parochialism between municipalities; several institutional fissures, and; a meta-governance failure associated with the role of OCEDCO. The new Regional Chair promised to provide more political direction for economic development policy than had been exhibited by the hands-off and delegated institutional environment of former Chair Peter Clark.

To be fair to Clark, economic development was not entirely absent from the purview of the formal structures of local government during his tenure. An internal Economic Development Committee was established in 1993 to provide discussion, feedback and guidance regarding matters related to OCEDCO's new role as economic development coordinator. Chaired by the CAO of the RMOC, and including the presidents of both OCEDCO and OCRI, its task was to act as a steering committee to identify and propose

future economic development initiatives to the RMOC's Executive Committee.¹⁰⁷ In 1996 the RMOC devoted staff and resources specifically to economic development policy with the creation of the Economic Planning Unit (EPU) within the Planning department. Its stated function was 'economic policy development and coordination'.

The prioritization of local economic development was also exemplified in the Region's global planning document - the 1997 *Official Plan*.¹⁰⁸ The 1988 plan contained no explicit reference to economic development per se, and reflected the passive approach towards local economic growth characteristic of the managerial paradigm of governance. Despite a planning horizon to 2011, a review of the existing *Official Plan* began in 1996. Prompted initially by an environmental scan of official planning policies, "issues of affordability and economic development have moved to the fore".¹⁰⁹ Echoing the rescaling of capitalist production the new plan claimed that "[b]usiness competition is now global and economic activity is focussing on regions rather than nations".¹¹⁰ Using the *Official Plan* as a strategic economic development tool, local government could help facilitate this regionalism. To this end the *Plan* highlighted the following activities: (i) maintaining a high quality of life (ii) maintain an adequate supply of serviced land for economic development,

¹⁰⁷RMOC, *Executive Committee Report 58* (Ottawa: February 24, 1993). The direction of representation also worked the other way, with regional councillors sitting on the boards of OCEDCO and OCRI, while the Chair of the RMOC was automatically the Honorary Chair of OCEDCO.

¹⁰⁸RMOC, *Official Plan: Regional Municipality of Ottawa-Carleton* (Ottawa: as adopted by Regional Council, 1997).

¹⁰⁹RMOC, *Regional Plan Review: Perspectives on the Ottawa-Carleton Economy* (Ottawa: 1996), p. 24.

¹¹⁰RMOC, *Official Plan*, p. 51.

(iii) give priority to servicing areas associated with emerging business and technology hubs, and (iv) invest and support initiatives to improve information technology and telecommunications infrastructure.¹¹¹

Targeting high growth areas underlined a planning approach which favoured the west end. To this extent it remained reactive to locational decisions made by individual firms. As we saw in section 5.3, with the growing disparities within the region, local area municipal officials and politicians in the east would have favoured a more proactive planning document to redistribute the benefits of growth.

With a mandate of leadership, Chiarelli set about redesigning the economic development governance structure. In September 1998 the RMOC commissioned Tweedsmuir Consulting Ltd to review the region's economic development agencies. At the same time OCEDCO prompted by the election criticisms of Chiarelli, changed its name and introduced a new strategic direction away from associational type functions, towards creating specific public-private projects. This would shift OED away from a membership-based organization in which members receive services for fees, to a partnership-based organization where partners would contribute to economic development. This would also eliminate any remaining duplication with the OCBT.¹¹²

The reinvention of OED and the report commissioned by Chiarelli reopened debate as to the appropriate form of economic development institutionalization. For example, Regional Councillor Dan Beamish, argued that 'greater leadership' vis-à-vis economic

¹¹¹*Ibid*, p. 52.

¹¹²OED, *Annual Report* (Ottawa: 1998).

development implied locating this function within the RMOC, eliminating grants to quasi-nongovernmental organizations such as OED, OCRI and OTCA, and contracting for economic development services where appropriate.¹¹³ Citing an apparent overlap between the Region's EPU and OED's mandate, Councillor Jacques Legendre, however, put forward a motion at Regional Council to fold the EPU into OED thereby strengthening the arms-length economic development organization.¹¹⁴ In addition, Bill Fenton Chair of OED, argued that any move to shift power away from an arms-length organization into the hands of Regional Council might make local business less reluctant to volunteer time and energy if economic development is run by local bureaucrats.¹¹⁵

Responding to the claim that "our economic development agencies and government have not evolved an overall economic strategy for Ottawa-Carleton - and one is long overdue", the Chaiton Report released early in 1999 provided a blueprint for a compromise between the competing views concerning the organizational locus of economic development policy.¹¹⁶ In this manner it reflects a governance structure better described as a co-production of economic development between formal local government (i.e the RMOC) and the wider local state.

¹¹³M. Rodrigue, "Checking up" *Ottawa Business Journal*, 4/7 (1998), p. 7.

¹¹⁴C. Wong, "Councillor sees overlap with regional unit and OED" *Ottawa Business Journal* 3/37 (1998), p. 21.

¹¹⁵M. Rodrigue, "Power shuffle for OED?" *Ottawa Business Journal* 4/15 (1998), p. 16.

¹¹⁶A. Chaiton, *Putting Ottawa 'on the map': A review of economic development agencies in Ottawa-Carleton* (Ottawa: a report submitted to the Economic Affairs Unit, RMOC, 1999), p. 7.

On the one hand, a private sector driven partnership model for developing policies and strategies is retained, through the creation of an umbrella group labelled The Ottawa Partnership (TOP).¹¹⁷ OCRI, OTCA and the Ottawa Life Sciences Council (OLSC) would be responsible for the specific sectors of advanced technology, tourism and life sciences respectively. OED would serve as the lead agency for external marketing. TOP would also integrate both the OBT and the francophone chamber of commerce, Regroupement des gens d'affaires into the formal decision making process. On the other, the RMOC will provide the staff and act as a secretariat for TOP, while a 'purchase for service' funding arrangement replaces the former process of bloc funding for the four government funded economic development agencies - OED, OCRI, OTCA and the OLSC. The funding arrangement outlined in the Chaiton report would increase accountability to Regional Council since the sectoral agencies via TOP would submit funding proposals and projects for regional government consideration.¹¹⁸ Institutionally, the provision of staff would be through the Economic Affairs Unit, which had evolved out of the EPU and had become organizationally autonomous from the Region's Planning Department in 1998. The role of the Economic Affairs Unit was also articulated in a report commissioned by the RMOC entitled *Regional Directions*.¹¹⁹ The report held that the unit be a focal point for economic development issues in the region. Aside from coordinating policy with other agencies as envisioned in the TOP structure, the unit would also take a lead on other economic development issues such as the

¹¹⁷*Ibid*, p. 17.

¹¹⁸*Ibid*, p. 19.

¹¹⁹KPMG, *Regional Directions: A Statement of Regional Priorities 2000-2004* (Ottawa: prepared for the RMOC, 1999), p. 39.

conversion of the Government Conference Centre to the Canada Sports Hall of Fame and the expansion of the Ottawa Congress Centre to accommodate greater convention space.

The Chaiton report reiterated agreements made in earlier studies which called for a focus on the region's strength in advanced technologies, as well as identifying tourism and an emerging niche in life sciences as core elements of local economic growth.¹²⁰ In many ways *Putting Ottawa on the Map*, represented a return to *Partners for the Future*, and indeed an opportunity to implement many of recommendations of the earlier document. Chief among them of course, was the creation of an overarching structure of economic policy development which would embed more formally the various agencies associated with economic development and local government. Chaiton also underlined the *Partners'* focus on those industrial areas which were export-driven, another example of a global localism strategy of economic development. Aside from overt criticisms from OED, the report was greeted with a cautious enthusiasm from the local business community who had seen similar initiatives such as *Future Ottawa* announced with great fanfare only to flounder in the midst of institutional rivalries and inter-organizational competition.¹²¹

¹²⁰It also called for the creation of an Employment Task Force headed by the Social Services department to focus on the problems and prospects of work force development. The next chapter will discuss the subsequent construction of a work force development strategy in the context of a reordering of social policies within the entrepreneurial local state.

¹²¹K. Goff, "Agency fights proposal to streamline strategies" *Ottawa Citizen* January 30 (1999), D1; and M. Rodrigue, "OED slams Chaiton report" *Ottawa Business Journal* 4/21 (1999), p. 3. OED was obviously concerned with the diminution of its once much vaunted role within the economic development governance structure of the region. The report envisioned stripping OED of many previously held functions reorienting the organization purely towards external marketing. The report suggested OED be renamed in light of its narrower focus to something like 'Ottawa marketing'. In addition, OED's role in running the Entrepreneurship Centre has also been questioned. K. Chappell, "TOP to re-examine role

In 1999 TOP was created with a mandate to construct a new strategic economic development for the region. Co-chaired by Rod Bryden (CEO of World Heart Corporation and owner of the Ottawa Senators) and Bob Chiarelli, staff support was provided by the RMOC and funding both by the region (\$300,000) and the province (\$100,000). TOP commissioned ICF Consulting of San Rafael California to prepare a plan for 'engines that fuel the local economy'.

Under the banner the 'Economic Generators Initiative', TOP articulated a reformulated accumulation strategy for the region, one which recognized the maturation of Ottawa's technopole. The discursive narrative of high-tech development plateau, economic crisis and federal government downsizing which had been employed to give substance to the construction of *Partners*, gave way to one which stressed maintaining prosperity and the private sector driven industry clusters underpinning this growth.¹²² During the 1990s the region had easily achieved the goal of 40,000 jobs in high-tech, been able to accommodate federal government downsizing, as well as setting in place key infrastructural measures to enhance the global competitiveness of its technopole.¹²³ The new challenge for a region now ever more reliant on a private sector for economic growth, was to diversify Ottawa's technopolis and to overcome any fragility that an economy now more porous to the exigencies of the global market might exhibit. Indeed, despite the unprecedented explosion

of Entrepreneurship Centre" *Ottawa Business Journal* www.ottawabusinessjournal.com July 2 (2000).

¹²²TOP, *Ottawa's Economic Generators Backgrounder No 2: A Preliminary Diagnosis of the Ottawa Regional Economy* (www.thcottawapartnership.com: 2000), p. 1.

¹²³TOP, *Ottawa's Economic Generators: A history of Strategic Economic Planning in Ottawa-Carleton*, (www.thcottawapartnership.com: 1999).

in the high-tech sector towards the end of the decade, a number of high profile high-tech companies began to announce job layoffs.¹²⁴ Moreover, in 1998 volatility in the share market saw a \$37b decline in the share value of the region's high-tech firms.¹²⁵ The Social Planning Council of Ottawa-Carleton heralded the "spectre of a new, more cycle- and shock-sensitive regional economy".¹²⁶

Given the new modalities facing the local economy, the Economic Generators Initiative identified the diversification of Ottawa's technopolis in areas which have the most export potential. A healthy export sector "drives the entire rest of the economy, resulting in spinoff jobs in services and other industries, and improvements to the standard of living of all Ottawa residents".¹²⁷ ICF's preliminary report released in early 2000 outlined seven clusters as the basis for technopolis development and diversification.¹²⁸ These clusters comprising 26% of all current private sector employment are: software and communications services, telecommunications equipment, professional services, health technologies,

¹²⁴D. Mellon, "Is Ottawa's high-tech sector a one trick pony" *Ottawa Business Journal*, www.ottawabusinessjournal.com May 11 (1999).

¹²⁵D. Mellon, "Has the balance tipped too far toward technology" *Ottawa Business Journal*, 4/14 (1998), p. 1, 16-17.

¹²⁶Social Planning Council of Ottawa-Carleton, *A Tale of Two Cities: Socio-Demographic and Economic Trends in Ottawa-Carleton - Technical Report* (Ottawa, 1999), p. 53.

¹²⁷TOP, *Ottawa's Economic Generators Backgrounder Report No 1: About Cluster-Based Economic Development* (www.thcottawapartnership.com: 1999).

¹²⁸ICF Consulting, *The Economic Generators Initiative: A Detailed Preliminary Analysis of the Ottawa Regional Economy* (Ottawa: presented to The Ottawa Partnership Economic Generators Initiative, January 28, 2000).

microelectronics, photonics and tourism.¹²⁹ As a result of this report, co-chairs for each cluster were named and meetings held to discuss particular barriers to growth in each cluster, as well as to develop specific strategies.

From these meetings a final report was made public in May of 2000 which articulated a comprehensive cluster-based accumulation strategy for the regional economy.¹³⁰ *Choosing a Future* outlines both the 'economic showstoppers' as well as the strategies necessary to transcend these constraints to future economic prosperity. In terms of impediments to local economic development, the report identified the shortage of skilled labour exacerbated by the 'brain drain' and infrastructural limitations. With the high-tech bubble, the capacity of existing physical infrastructure has been stretched.¹³¹ Manifested in the limited availability of office space, serviced industrial land and traffic congestion, infrastructure development was also a prominent issue in the recent municipal elections.¹³² In the Mayoral race for the new City of Ottawa, Bob Chiarelli campaigned on a platform of attending urgently to the region's physical infrastructure requirements.¹³³ Managing economic growth by providing

¹²⁹*Ibid*, p. 11. ICF also identified 'seed clusters' in film and media, and environmental services as the basis for future diversification.

¹³⁰ICF Consulting, *Choosing a Future*.

¹³¹*Ibid*, p. 6.

¹³²M. Adam, "Go-go Chiarelli versus go-slow Cain" *Ottawa Citizen Online* www.ottawacitizen.com November 2 (2000); Adam, "\$1 billion available to spend on boom" *Ottawa Citizen Online* www.ottawacitizen.com October 15 (2000).

¹³³Chiarelli also identified 'quality of life' infrastructure as important to the overall health of the region as the problems of prosperity have begun to impinge on green spaces and recreational facilities. C. Buchanan "Chiarelli: Save our quality of life" *Ottawa Citizen Online* www.ottawacitizen.com September 20 (2000). One of the main issues between the two candidates was how to pay for this much needed infrastructure in the new City.

a new transportation infrastructure as well as increasing the rezoned and serviced land for high-tech expansion, is also seen as vital by business in the region.¹³⁴ In April 2000 some of the areas leading firms made a presentation to the Transition Board overseeing the transformation to the new amalgamated City regarding infrastructural issues.¹³⁵ Support for infrastructure development was also elicited from the province with a high-powered delegation sent to Queens Park in May to raise the profile of Ottawa in the province's capital.¹³⁶

Creating new infrastructure was identified in *Choosing a Future* as one element necessary to build 'economic foundations' the essential inputs for cluster competitiveness.¹³⁷ In addition to economic foundations, the report explicates two other strategies for developing Ottawa's innovation economy: (i) the use of sectoral agencies such as OCRI, OTCA and the OLSC to accelerate cluster development, and (ii) balancing economic growth with social

Claudette Cain argued that lower taxes, and reduced costs were of greater importance than bankrupting the new City with new infrastructure expenditure. M. Adam, "Mayoral hopefuls are like night and day" *Ottawa Citizen Online* www.ottawacitizen.com October 26 (2000).

¹³⁴Specific infrastructural projects include: the expansion of the Queensway and other major arterial roads; the development of the a light-rail project; expanding the transitway bus system, and; the construction of 2 interprovincial bridges.

¹³⁵K. Chappell, "Infrastructure lags behind economic boom" *Ottawa Business Journal* www.ottawabusinessjournal.com April 3 (2000).

¹³⁶K. Chappell, "Delegation could get quick response from Queens park" *Ottawa Business Journal* www.ottawabusinessjournal.com May 19 (2000).

¹³⁷ICF, *Choosing a Future*, p. 7. Other economic foundations included: adequate funding for education, job retraining and other workforce investment; and the provision of 'angel' and venture capital for start-up companies.

equity concerns “where the benefits of economic growth may not be universally shared”.¹³⁸ Ironically, but perhaps not surprisingly, neither the nine Flagship ideas, nor the 33 cluster action initiatives outlined in the report to concretize the strategic priorities, make reference to this last goal of social equity.

To date few of either the Flagship ideas or the action priorities have gotten off the ground, stalled it seems by the amalgamation process.¹³⁹ Three Flagship initiatives that have begun are the *Ottawa Connects*, *Branding Ottawa* and Photonic’s *Technology Road Map* ideas, together with the Ottawa Biotechnology Incubation Centre, one of the 33 cluster action initiatives.¹⁴⁰ While it is clearly too early to assess either these individual projects or the Economic generators Initiative in general, it does seem that this latest attempt to construct a coherent economic development strategy is less encumbered than previous efforts by parochial animosities.¹⁴¹

As we have seen, it was the existence of these cleavages which prevented a coherent approach to the formulation and implementation of economic development policy. The governance structure for economic policy has looked ‘back to the future’ with the revival of an encompassing umbrella organization to ‘organize the self-organization of governance’.

¹³⁸ *Ibid.*

¹³⁹ *Ottawa Business Journal*, “TOP Flagship initiative slow to start” www.ottawabusinessjournal.com October 23 (2000).

¹⁴⁰ K. Chappell, “TOP unveils first four projects” *Ottawa Business Journal* www.ottawabusinessjournal.com October 10 (2000). These projects are seed funded by both the regional government as well as the province of Ontario.

¹⁴¹ D. Mellon, “Will the cluster initiative repeat past mistakes” *Ottawa Business Journal* www.ottawabusinessjournal.com June 4 (2000).

Figure 5.5 summarizes the historical institutionalization of local economic development policy that has animated the strategic and structural transformation of the local state towards entrepreneurialism.

Figure 5.5: A Chronology of Economic Development Institutionalization.

- 1980s: Varying degrees of resources and policy commitment among the 11 local municipalities directed towards economic development (ED).
- 1988: Region's Official Plan contains no explicit policies for ED. No staff assigned specifically to an ED function.

The **Bartlett Report's** review of regional government in Ottawa-Carleton urges leadership of the region in ED.
- 1991: RMOC Chair Andy Hayden creates 15 member **Economic Development Task Force**.
- 1992: The Task Force's report, *Partners for the Future*, is presented to new Chair Peter Clark.
- 1993: RMOC releases an *Economic Development Action Plan* in which OCEDCO is given mandate as chief vehicle for delivery of ED policy.
- 1996: Review of Region's Official Plan (adopted in 1997) contains explicit mention of ED.

Economic Development Planning Unit set up within RMOC with a mandate for 'economic development and coordination'.
- 1998: New Regional Chair Bob Chiarelli commissions Alf Chaiton to review local ED agencies.
- 1999: January: The **Chaiton Report**, *Putting Ottawa on the Map*, is released. Recommended creation of an umbrella organization for ED and realignment of existing agencies.

The **Ottawa Partnership (TOP)** created with staff support from the Economic Affairs Unit of the RMOC. Commissions ICF Consulting to examine the 'engines that fuel the local economy'.

November: The **Shortcliffe Report** brings to an end 2 decades of debate over the structure of local government for the region.

2000: May: TOP's *Choosing a Future* is released. Identifies 7 export-oriented clusters with associated Flagship and Action policies.

June and September: **Ottawa Transition Board** releases reports outlining a service and delivery model for ED in the new City of Ottawa.

As the region's 'economic development steward', TOP is nested within a new 'service delivery model' for economic development for the amalgamated City of Ottawa. Throughout 2000 the Transition Board headed by Claude Bennett worked to develop programme initiatives in all areas of local government based on reducing inefficiencies, fragmentation and duplication of services to residents, based on 'best management practices' and 'alternative service delivery systems'. In terms of economic policy, an Economic Development and Tourism Team was created to design and implement a new service delivery system for the economic development sector.¹⁴² As of January 1 2001, a clear delineation of economic development services is to be made between those that are provided 'in-house' and those that are 'out-sourced'.

A high performance Business Development Branch has been created within the new City's Development Services Department to provide customers 'single window access' to services and strategic business data to support investment decisions. This branch will also assume the role of the former Economic Affairs Unit concerning staff support for coordination of TOP, as well as participating in and managing certain economic projects such as the Economic Generators Project, the building of a new convention site in the

¹⁴²Ottawa Transition Board, *Economic and Development Tourism Project: High Level Service Delivery Model* (Ottawa: July, 2000); Ottawa Transition Board, *Development Services Department: New City of Ottawa Detailed Delivery Model* (Ottawa: September, 2000).

Congress Centre, and the Canada's Sports Hall of Fame project.¹⁴³

Those economic services which are out-sourced to external economic development agencies include entrepreneurial and small business development through the Entrepreneurship Centre, external marketing via OED, business financing through the Ottawa Capital Network, tourist marketing through the OTCA and sectorial development through the respective agencies assigned by TOP. Business climate issues are to be dealt with by the OBT and its francophone counterpart. Purchase for services agreements are expected to be developed between the City and the various agencies of TOP.

As part of an overall rationale to streamline local government and eliminate waste, the new service delivery model expects to reduce both the number of staff and expenditures dedicated to economic development in the next three years.¹⁴⁴ What this means exactly for the various publically funded economic development agencies is unclear.¹⁴⁵ While OED, OCRI, OCTA and OLSC all receive RMOC funds, it is OED which is the most dependent on this source of finance.¹⁴⁶ Seventy percent of OED's budget drives from the RMOC while at the other end of the spectrum, the RMOC contributes only 5% of OCRI's budget.

¹⁴³City of Ottawa, (www.city.ottawa.on.ca: 2001).

¹⁴⁴The new service model is anticipated on saving \$1.3m annually on economic development costs based on a 20% reduction in expenditures and 60% in the reduction of full time employment. Ottawa Transition Board, *Economic Development and Tourism Project*, p. 17.

¹⁴⁵K. Chappell, "Economic Development Agencies Unfazed by funding uncertainty" *Ottawa Business Journal* www.ottawabusinessjournal.com April 23 (2000).

¹⁴⁶K. Chappell, "OED funding a wild card, says Chiarelli" *Ottawa Business Journal* www.ottawabusinessjournal.com April 8 (2000); K. Chappell "OED waits patiently for cash" *Ottawa Business Journal* www.ottawabusinessjournal.com October 8 (2000).

Regardless of the funding parameters for the agencies of TOP, a new lexicon of 'enterprise culture' based on 'best practices' and reduction in 'full time equivalents' (FTEs) has become ensconced within the entrepreneurial mode of governance. Thus, not only have we seen a strategic reorientation in the local state vis-à-vis entrepreneurialism in a broad sense, but also in terms of local government itself becoming more 'business-like' in its approach to its various functions.

5.5] Conclusion.

This chapter has concretized the paradigmatic shift in the local state, from managerialism to entrepreneurialism. Not only have local actors come together to construct a local economic development strategy, but they have done so in an institutional context characterized by an increasingly horizontal mode of governance coordinated by a metabroker. The main claim of this chapter has been that the emergence of an entrepreneurial mode of governance in Ottawa has been a trial and error process, one which culminated in an institutional redesign at the end of the decade.

In the next chapter we discuss the implications of the entrepreneurial shift in governance for a wider politics of scale. While local elite-based institutional 'turf wars' and intra-regional competition have tended to dominate the politics of entrepreneurialism during the 1990s, in more recent years the voice of community groups and social activists have been added to the economic development community. Motivated by the growing visibility of socio-economic polarization in the region, these groups have argued for a broader

understanding and more inclusive definition of local economic development. Section 6.4 examines the construction of a labour force development strategy which has been prompted by an engagement between a narrow group of local political and business 'stakeholders' and a wider array of social actors. While this has broadened the range of actors in the local mode of governance, it is far from clear whether these community groups are succeeding in challenging the dominant narrative of entrepreneurialism. Arguably, the region's labour force development strategy, *Partners for Jobs*, is emblematic of a productivist reordering of social policy indicative of neoliberalism.

In addition, the latest iterative efforts at constructing an entrepreneurial strategy can be also understood in Gramscian terms, as embodying a local hegemonic project. As this chapter has made clear, initially this local state project was predicated on forging coherence among economic and political elites in the region. We shall see in the next chapter how redistributive around consumption issues and broader notions of economic development have become reflected in an hegemonic project which has attempted reconcile wider community claims within the narrative of the entrepreneurial city. In the concluding chapter we problematize this relationship between accumulation strategy and urban hegemonic project in a discussion of the potential for these groups to create a progressive space for themselves and their variety of concerns within a local state dominated by an underlying entrepreneurial discourse. By fashioning an 'urban third way', a rescripting of the entrepreneurial narrative would better able encompass more 'progressive' visions of what constitutes social justice in the city.

Chapter Six: Contesting the Entrepreneurial City.

6.0] Introduction.

This chapter goes beyond the previous chapter's concern with an elite politics of scale to broaden the 'universe of political discourse' created by wider claims addressed to Ottawa's mode of governance. An urban universe of political discourse highlights the socio-spatial underpinnings of both the material and discursive struggles around the construction of the entrepreneurial city. Towards the end of the 1990s not only was this local universe animated by a series of elite cleavages, but also new actors began to articulate claims around local economic development. While these claims did not directly precipitate the reconstruction of the entrepreneurial strategy subsequently embodied in TOP, they have nevertheless become implicated in this reconstituted 'urban regime'. An institutional space has therefore been opened up for a broader set of community actors within Ottawa's entrepreneurial mode of governance.

This chapter problematizes this dimension of the politics of scale, arguing that the recent shift in the level of participation within the local economic policy community is highly ambiguous. It is not entirely evident then, whether a new, more inclusive hegemonic project is being articulated with Ottawa's export-oriented technopolis growth. The rhetoric of 'partnership' and participation highlighted in this reconstituted growth coalition may well mask a 'dissociation', or disengagement of the glamour high-end growth strategy from a low-end labour force strategy, poverty reduction and other social issues.

Section 6.1 briefly sketches the contours of Ottawa's local universe of political

discourse and the social relations which have given substance to the formulation of the entrepreneurial narrative. In section 6.2 the process of local government amalgamation will be examined to foreground one dimension of this discursive reimagining of economic and political space. Challenging the construction of this space also informs section 6.3 where new voices began to make claims regarding local economic development. The final section outlines how these new claims have become subsequently framed within the entrepreneurial narrative, highlighted in the *Partners for Jobs* labour force strategy.

6.1] Economic Development and the Local Universe of Political Discourse.

Chapter five demonstrated the contours of the construction and implementation of an endogenous accumulation strategy in Ottawa designed to redefine urban space as a globally competitive node in the increasingly rescaled geometry of contemporary capitalism. In broad terms, this entrepreneurial project embodies the construction of a more or less durable pattern of structured coherence in the process of negotiating the underlying contradictions of capitalist social relations.¹ The reproduction and regulation of capital is formulated and realized through accumulation strategies in specific spatio-temporal contexts. With the de- and reterritorialization of capital accumulation associated with post-Fordist industrial restructuring, local spaces have become increasingly important sites as sources of spatial fixity. According to Jessop:

¹B. Jessop, "The Crisis of the National Spatio-Temporal Fix and the Tendential Ecological Dominance of Globalizing Capitalism" *International Journal of Urban and Regional Research* 24/2 (2000), p. 335.

in Atlantic Fordism, the national state set the macro-economic framework, the local state acted as its relay and intergovernmental cooperation maintained the conditions for national economic growth. Likewise, in contemporary neoliberal accumulation regimes, the neoliberal state's relative neglect of substantive (as opposed to formal) supply-side conditions at the international and national levels is partly compensated by more interventionist policies at the regional, urban and local levels.²

Neil Brenner argues that the "urban scale has become a major socioinstitutional forcefield in which the geography of global capitalism is being forged".³ As local spaces increasingly become strategic regulatory coordinates within a reterritorialized, or rescaled state framework, the nature of local politics itself is transformed.

Thus, cities which function as basing points for globally circulating capital are not only likely to evince a built environment and labour market structure concomitant with this reterritorialization, but also a local politics more reflective of the importance of major economic sectors in the locality.⁴ In this manner, institutional forms begin to cohere around the 'interests of capital' at the level of the local state as actors articulate projects of global localism. This strategic and structural reorientation of the local state is, however, contingent upon the balance of class and other social relations within a given locale, together with the nature of prior modes of institutionalization.⁵ Therefore, there is not simply a one-to-one

²*Ibid*, p. 335-336.

³N. Brenner, "The urban Question as a Scale Question: Reflections on Henri Lefebvre, Urban Theory and the Politics of Scale" *International Journal of Urban and Regional Research* 24/2 (2000), p. 374.

⁴G. Todd, "Megacity: Globalization and Governance" *Studies in Political Economy* 56 (1998), p. 205.

⁵D. Valler, A. Wood and P. North, "Local governance and local business interests: a critical review" *Progress in Human Geography* 24/3 (2000), p. 414.

functionalist shift in the role of the local state vis-à-vis the rescaled geography of glocalization. Rather, the construction of coherent local accumulation strategies is mediated by what Jane Jenson describes as a 'universe of political discourse'.⁶ A universe of political discourse is the "terrain on which actors struggle over representation".⁷ Politics is therefore about struggles over the ability to make claims, create meaning systems, and forge collective identities. Moreover, explicitly spatializing this concept and applying it to the 'local', opens up the entrepreneurial mode of governance as a site not only for the creation of accumulation strategies, but social contestation over the meaning system inherent in entrepreneurialism.

Thus, Jenson's notion neatly opens up for analytical insight a local politics of scale around economic development.⁸ A 'local universe of political discourse' in this sense provides the setting for social and political conflict over the 'spatial imaginary' associated with demarcating a local economic space and its accumulation strategies. The parameters of this politics of scale include: a general struggle over 'imagining' a local socio-economic space; interorganizational cleavage within the local state over the direction of local economic development; a struggle for inclusion within the local economic policy milieu by wider community actors, and; an associated politics of collective consumption as social policy increasingly becomes both marginalized and transfigured at the local level.

⁶J. Jenson, "All the World's a Stage: Ideas, Spaces and Times in Canadian Political Economy" in J. Jenson, R. Mahon and M. Bienefeld (eds) *Production, Space, Identity: Political Economy Faces the 21st Century* (Toronto: Canadian Scholars Press Inc, 1993), p. 143-170.

⁷*Ibid*, p. 150.

⁸Valler, Wood and North for example, use Jenson's 'universe of political discourse' to explain the mediation between changes in local governance and the interests of business. Valler, Wood and North "Local governance and local business interests", p. 416.

The first dimension underlines the fact that the 'local' or 'urban' scale is itself socially constructed. The formulation of an entrepreneurial strategy rests on defining in some sense the economic unit of regulation, and hence who the economic subject is in the first place. We have seen from the previous chapter that for the most part this has been about demarcating the 'Ottawa-Carleton' region as a coherent competitive space in the new geography of localism, notwithstanding the integration of the Outaouais into the economic space of the region. Struggles between individual municipalities, as well as between these municipalities and OCEDCO for example, underscore the difficulty of constructing Ottawa as a coherent economic subject. 'Who or what is Ottawa?' as an object of governance is perhaps best exemplified in the debate around local municipal restructuring. In section 6.2 we examine the trajectory of this debate and the way in which the issues of local economic development have informed the construction of the new City of Ottawa. In this debate, globalization has come to shape the local universe of political discourse, clearly reflecting both the material and discursive imprint that global-local connections have on local public policy and political structures.

The institutional turf wars between the OCBT and OCEDCO, and criticism's of OCEDCO's role as metabroker led to the reformulation of Ottawa's entrepreneurial strategy. For the most part, this reformulation reflects what has been an elite-based politics of scale, at least up until the late 1990s. Indeed, in the language of urban regime theory, the nature of the local accumulation strategy, and the constellation of social forces underpinning it, characterize a 'progrowth urban regime'. As Iain Wallace explains, "[t]he severe fragmentation of the local state within Ottawa-Hull, and the tensions within *this* region

between the roles and priorities of the national and two provincial states involved, have made it easier for non-elected, probusiness elites to emerge as the dominant voices in articulating both the agenda for change and the nature of the 'solutions'".⁹

While private sector interests and local political elites have been instrumental in the construction (and reformulation) of Ottawa's economic development strategy, the official public discourse is one of the promise of prosperity accruing to the region at-large based primarily on the strengths of the high-tech sector.¹⁰ As we noted this discourse of 'one vision - one voice' involved a rhetoric of inclusiveness based on partnerships between stakeholders in the region. The dominant role of business in 'shaping the economic agenda', and subsequent calls for greater inclusiveness in the decision making process also underlines the changing nature of social forces in the region as a result of post-Fordist industrial restructuring. On the one hand, the large, mainly middle class public sector which informed a somewhat unique local politics of collective consumption during the 1970s and early 1980s has been significantly eroded by federal government downsizing. On the other hand, the tremendous growth of the high-tech sector has created a new globally oriented economic class more likely to vigorously articulate their 'production' concerns at the level of local politics. The paradigmatic shift from managerialism to an entrepreneurial local mode of governance in Ottawa is indicative of this changing balance of class interests at the local

⁹I. Wallace, "Many Lenses: Critical Themes in Diversification in the National Capital Region" in E. Jackson and K. Graham (eds) *Diversification for Human Well Being: Challenges and Opportunities in the National Capital Region* (Ottawa: Centre for the Study of Training, Investment and Economic Restructuring, Carleton University, 1999), p. 26-27.

¹⁰E. Jackson and K. Graham, "Introduction: Diversification for Human Well Being" in Jackson and Graham (eds) *Diversification for Human Well Being*, p. 7.

level. Moreover, the creation of a new class of risk takers with a philosophy of self-reliance and entrepreneurial spirit may signify a broader ideological shift in the political make up of the region. Indeed, as the high-tech sector booms, "some anticipate a rapid rightward shift in the city's political outlook".¹¹ At the level of federal politics for example, the growing prominence of the Canadian Alliance in the region may reflect a growing affinity between a philosophy of less government and lower taxes and the region's new high-tech class.¹² In a recent *Ottawa Citizen/Compass* poll, it was revealed that the region's high-sector are more inclined stress tax cuts, to believe in paying for local services, and less likely to support any increases to social services.¹³

With the declining resources available to local government, together with increased responsibilities in certain areas, these consumption-based issues have become particularly important in Ottawa's local political milieu. They are also intimately linked to local economic development not only in terms of a 'crowding-out' effect but also as social policy becomes redefined in economic terms. Local community actors have become particularly concerned as the Transition Board overseeing amalgamation appears to be articulating a narrow economic agenda for local government, one based on a new 'enterprise' model for the delivery of social policy and resident services.

¹¹S. Dale, "Loonie-tech politics: Following the money from Kanata to the Hill" *Ottawa City Magazine* Dec/Jan (2000), p. 65.

¹²As Dale notes however, in terms of partisan politics, the new knowledge sector tends to be split between federal Liberal and Canadian Alliance. In addition high-tech donations to political parties have yet to reach the level of other industrial sectors as medium of gaining political influence.

¹³J. Campbell, "Ottawa's population divided between new and traditional economy" *Ottawa Citizen Online* www.ottawacitizen.com October 29 (2000).

Industrial restructuring of the Ottawa region associated with high-tech growth, the relative decline in the role of the federal government, and the social relations underlying these shifts have placed Ottawa's urban universe at an important cross-roads. Whether the new amalgamated city will result in an entrepreneurial mode of governance genuinely inclusive and participatory is uncertain. It is not clear either whether a more narrow hegemonic project is emerging which marries an endogenous accumulation strategy with a socially conservative urban regime. Social contestation over the meaning and representation of 'Silicon Valley North' will no doubt significantly shape the route which the new City of Ottawa will take.

The following section sketches the debate around local municipal restructuring in Ottawa-Carleton, and how local economic development was positioned as a key argument in the construction of the 'one-city' model..

6.2] Rationalizing Economic Space: The Restructuring of Local Municipal Government.

In 1995, a Task Force on the Future of the Greater Toronto Area (GTA) was struck by the then NDP provincial government to reflect upon Toronto's relationship to the international economy. The subsequent *Golden Report*, as it became known, released in 1996 proved to be a precursor to the creation of not only a mega-city of Toronto but also a wider agenda of local government restructuring throughout the province. On January 1st 1998 the cities of Toronto, York, East York, Scarborough, Etobicoke and the regional government of Metro

Toronto were amalgamated as one political unit - a mega city comprising 2.4m people.¹⁴ According to Graham Todd, the *Golden Report* and the following restructuring of political space in Ontario's largest urban region "serves as a blueprint for the sort of restructuring that underpins and gives substance to the process of globalization".¹⁵ The recasting of the local state in new formal political arrangements is therefore related, but not necessarily singularly reducible to, the reterritorialization of capitalist accumulation arising out of the crisis of Canadian Fordism. The need to create coherent globally competitive local economic spaces has opened up the discursive space for such local municipal restructuring. Informed by the now familiar narrative of globalization, triadization and the enhanced position of cities in the global economy, a link has been established between local economic development and the structures of local government.

As Andrew Sancton argues, municipal structures now need to be compatible with economic development policy in order to promote efficiency and effectiveness.¹⁶ Similarly, Barlow suggests that as "[l]arge cities now in particular have to increase their competitiveness in the context of a world system of cities and in the face of new competitors across international boundaries", urban governments must become more attuned to creating

¹⁴The *Golden Report* had originally envisioned one continuous upper-tier government for the whole GTA. The new mega-city of Toronto constituted one part of the GTA along with four surrounding regional municipalities.

¹⁵Todd, "Megacity", p. 194-195.

¹⁶A. Sancton, *Governing City Canada's City Regions: adapting form to function* (Montreal: IRPP, 1994). See also M. Barlow, "Administrative systems and metropolitan regions" *Environment and Planning C: Government and Policy* 15 (1997), p. 399-411; R. Bennett, "Administrative Systems and Economic Spaces" *Regional Studies* 31/3 (1997), p. 323-336.

a stronger orientation towards economic development policy.¹⁷ But “in these endeavours, the absence of some form of areawide government can put a city at a disadvantage compared with others”.¹⁸ Creating coherence requires extending metropolitan government at the regional level commensurate with the functional economic unit, similar to that suggested in the *Golden Report* for Toronto.

The precise lineaments of these municipal structures is, however, open to debate. For example, Barlow upholds the 2-tier system of local government, based on extending and strengthening the regional tier. Citing the example of Chicago’s 400 separate governments, Sancton argues that “[n]o one who has studied the competitiveness of global cities has ever suggested that city-regions with fewer municipal governments representing larger populations are better off than those with more governments representing smaller populations”.¹⁹ On the other side of the debate are those arguments associated with amalgamating lower tier municipalities into one region-wide structure, thereby eliminating the two-tier system all together. Dalton McGinty, leader of the provincial Liberal Party commenting on the situation in Ottawa-Carleton, argued that “[w]e have to develop a critical mass here in Eastern Ontario so we can weigh in and seen to be competitive...If we are going to have some sort of impact, if we are going to put a dent on the global economy, we need to have a large enough critical mass and the only way to do that is with one city”.²⁰

¹⁷Barlow, “Administrative systems”, p. 403.

¹⁸*Ibid.*

¹⁹A. Sancton, “Globalization does not require amalgamation” *Policy Options* 20/9 (1999), p. 55.

²⁰Quoted in Sancton, “Globalization does not require amalgamation”, p. 55.

Commenting on the parochialism of suburban municipalities in Canada, James Lightbody claims that reform in local government is vital to overcome Canada's 'seraglio' suburbs, barriers to region wide governance.²¹ According to Lightbody, "in the face of any contemplated reform to overcome institutionalized parochialism, suburban councillors, in particular, quickly forge a shrill coalition of the unwilling, being locked into the political seraglios they have chosen".²² Moreover they "have unknowingly opted for limited future possibilities for independent action, activated as impediments in this approaching world order".²³

This debate concerning the appropriate institutional form of local government vis-à-vis economic development is particularly relevant since the Progressive Conservative provincial government has clearly favoured eliminating the upper-tier level of government in its quest for rationalizing municipalities. An examination of the process of political restructuring in Ottawa reveals both the underlying economic rationale for this restructuring and the 'seraglio' role played by local municipalities identified by Lightbody.

The 2-tier system of local government on the Ontario side of the Ottawa river began in 1969 with the creation of the RMOC and 16 (later reduced to 11 in 1973) local municipalities constituted by the City of Ottawa and all the municipalities of the County of Carleton and Township of Cumberland. Modelled after Metro Toronto (1954), the RMOC was meant to provide a framework for metropolitan expansion, coherent land-use planning,

²¹J. Lightbody, "Canada's Seraglio Cities: Political Barriers to Regional Governance" *The Canadian Journal of Sociology* 24/2 (1999), p. 175-192.

²²*Ibid*, p. 179.

²³*Ibid*, p. 190.

economies of scale and consolidation of region wide services.²⁴

The structure created in 1969 evolved (via modifications to various municipal boundaries, changes to the electoral representation process, and a realignment of responsibilities between the two tiers of government), to the present system where 84 politicians and 9941 municipal employees fragmented by 12 governments represented over 700,000 people in the region. The RMOC also delivers roughly 80% of all local services to residents.²⁵ Almost at its inception, the 2-tier system was the subject of numerous criticism and provincial government review. Frequently cited arguments included the obvious point about the fractured nature of governance which culminates in unclear lines of accountability, citizens feeling over-governed, confusion regarding the roles and responsibilities between the 2-tiers and duplication of services amongst the 11 area municipalities.²⁶

Figure 6.1 summarizes the major local government reviews which the province has initiated over the years, and the major reforms that came as a result.

²⁴City of Ottawa, *Municipal Government in Ottawa-Carleton* (Ottawa: Office of the Chief Administration Officer, 1995), p. 6. See also T. Price, "Introduction" in T. Price (ed) *Regional Government in Ontario* (Windsor: University of Windsor Press, 1971), p. 12-18.

²⁵G. Shortcliffe, *One City - One Tier with Community Satellite Offices* (Ottawa: report to the Minister on Local Government Reform in the Regional Municipality of Ottawa-Carleton, 1999), p. 7.

²⁶City of Ottawa, *Municipal Government in Ottawa-Carleton*, p. 3.

Figure 6.1: Chronology of Local Government Reviews.

- 1976 **The Mayo Report:** Ottawa Regional Review Commission. City of Kanata created and the Townships of Nepean and Gloucester were elevated to city status.
- 1987 **The Barlett Reports:** Ottawa-Carleton Regional Review. No major initiatives resulted though the report contributed to a growing consensus for the need for regional leadership vis-à-vis economic development.
- 1990 **The Graham Report:** Ottawa-Carleton Electoral Boundaries Commission. Resulted in 'at-large' election of Regional Chair in 1991.
- 1992 **The Kirby Report:** Ottawa-Carleton Regional Review Commission. Set in motion changes for the 1994 municipal election including direct election of regional councillors, new regional wards and some realignment of responsibilities between the 2-tiers of government.
- 1999 **The Shortcliffe Report:** Local Reform in the Regional Municipality of Ottawa-Carleton. Created one-tier government through the amalgamation of the 12 local governments.

The Mayo Report, the first governance review of the region outlined a number of themes that were to inform future recommendations and reform to the 2-tier system.²⁷ While the report recommended the retention of the 2-tier system, its author called for electoral reform (regional councillors be directly elected as opposed to being appointed from local area municipalities) and better coordination between the two tiers of key services. While no explicit recommendations were related to local economic policy, the report foreshadowed later developments by noting that "[i]n the future, Ottawa should develop into a capital-city with a diversity of life styles (and good restaurants). Ottawa originated as a non-governmental town. The RMOC must not confine itself to being only a government

²⁷H. Mayo, *Report of the Ottawa-Carleton Review Commission* (Toronto: 1976)

Region".²⁸

The theme of diversification did however become more prominent in the second review lead by David Bartlett.²⁹ In addition to focussing on issues such as electoral representation and the functional alignment between the RMOC and its lower tiers, the report proclaimed the necessity for greater leadership by the RMOC in relation to regional economic development.³⁰ Instead "of just reacting to external influences the metropolitan community should begin to develop some concept of where it wants to go, and how best to get there".³¹ Bartlett underscored a growing sense among local actors that a more proactive approach to economic development was warranted. It also proved the foundation for the 1992 *Partners for the Future* vision document which articulated in more detail an entrepreneurial accumulation strategy for the region.

In May of 1990 Bill 168 was introduced by the Liberal provincial government for the direct election of regional councillors. Katherine Graham was appointed by the government to help implement this Bill by establishing a ward system for this new regional council. The Bill received little attention before the 1990 provincial election. The new NDP government did not revive Bill 168 but instead enacted Bill 32 for the 'at large' election of regional chair. The Bill became law in time for the 1991 municipal election.

²⁸*Ibid*, p. 23.

²⁹D. Bartlett (1987) *Ottawa-Carleton Regional Review - Accountability and Representation: Phase One Report* (Ottawa: 1987); and (1988) *Ottawa Regional Review - Functions and Finances: Phase Two Report* (Ottawa: 1988).

³⁰See also chapter 4, section 3.

³¹Bartlett, *Functions and Finances*, p. 27.

Unlike the previous provincially mandated governance reviews of the region, the Kirby report in 1992 ignited a great degree of hostility and debate.³² Kirby examined various single tier options in the consultation process leading up to the final report. In the end, however, the report advocated the retention of the 2-tier system as well as a number of other recommendations such as decreasing the number of municipalities (after referendums), reiterating the call for direct election of regional councillors, together with a number of realignment of services between the 2-tiers (regional responsibility for police force, subsidised housing, economic development, tax collection among others). The report reinforced the growing chorus of those who argued for greater leadership be shown by the region in relation to economic development, thereby buttressing the claims layed out in the *Partners for the Future* released earlier in the year. Conversely, *Partners* supported a review of local government to see if alternative structures of governance were more efficient and cost effective, since the regulation of business at 2 levels of local government increased time, effort and expenditure.³³

Ironically, the report received somewhat of a muted response from the business community despite the need to overcome the turf wars which had littered the local environment. Kirby had been counting on the business community to say that structural change in local governance was necessary. Despite *Partners* however, the region's businesses apparently did not have the stomach yet for fundamental change in the 2-tier

³²G. Kirby, *Ottawa-Carleton Regional Review Commission* (Toronto: Ontario Ministry of Municipal Affairs, 1992).

³³Ottawa-Carleton Economic Development Task Force, *Partners for the Future: A Strategic Economic Vision for Ottawa-Carleton* (Ottawa: a report prepared for the RMOC, 1992), p. 60.

system particularly when they were more concerned with surviving the economic recession at the time.³⁴

The final report, perhaps reflecting business' less than enthusiastic support for structural change, ended up retaining the existing 2-tier system. The realignment of functions however, in effect an empowering of the region vis-à-vis local municipalities, elicited a wave of hostility particularly from suburban politicians. Concerned that the report provided a blueprint for a "de facto one-tier government", the Mayor of Gloucester Claudette Cain for example argued that it would "reduce the municipalities to poop and scoop bylaws".³⁵ The 'seraglio suburbs', as Lightbody termed them, were adamantly opposed to anything other than the status quo.

As a result of Kirby a number of changes were enacted which did indeed upset this status quo. In 1993 the province enacted Bill 77, later to become Bill 143, which legislated changes for the 1994 municipal election. These changes saw the creation of a directly elected regional council, new regional/local wards, a regional police force established and regional responsibility for the acquisition of new land for public industrial development. The reforms threaten suburban business and local municipalities since they impinged both upon a local economic development function, and a political line of influence to regional council as a result of the loss of the direct presence of mayors due to direct voting.³⁶

³⁴P. Dare, "Resistance to change: Kirby sales pitch not being bought by business" *Ottawa Citizen* October 3 (1992), C3

³⁵M. Adam, "Mayors blast reform plan; Kirby report termed blueprint for dominant region" *Ottawa Citizen* November 28 (1992), C1.

³⁶A. Lahey, "Reform Jitters" *Ottawa Business Magazine* November/December (1994), p. 17-19.

The election of the provincial Progressive Conservatives in 1995 marked a further intensification of debate regarding local political restructuring in Ottawa. The Tories, elected on a platform of cutting the allegedly over-bureaucratized layers of government in the province, invited the very real possibility of the most significant changes to the political structure of Ottawa-Carleton since 1969.³⁷ According to Todd, the Tories' neoliberal agenda of downsizing government became bound up with arguments concerning the competitiveness of local spaces in a globalized economic environment.³⁸

Given an ideology of reducing local government, the provincial government established the parameters of restructuring to an elimination of the upper regional tier of municipal government. Debate therefore, would be about the specific form that a one-tier system of local government would embody. In terms of the lines of political contestation in Ottawa-Carleton, the restructuring issue pitted the City of Ottawa, the regional government and business groups such as the OCBT, OED and TOP against suburban mayors, local chambers of commerce and their rural counterparts. The former supported the creation of a single-tier one city model of municipal government, where the seven

³⁷In 2000 the Quebec government tabled bill 170, thereby also embarking on a rationalization of local government. As of January 2002 the CUO, Alymer, Hull, Gatineau, Buckingham and Masson-Angers will be amalgamated into the new City of Hull-Gatineau. The announcement of local political restructuring by the Parti-Québécois just before the federal election unleashed a storm of protest across the province, with many angered over the lack of consultation between the province and local residents. P. Bailey, "PQ will be 'thrown out' over mergers" *Ottawa Citizen* www.ottawacitizen.com November 16 (2000). Many commentators feel that the timing of this announcement contributed to the revival of the federal Liberals in the province of Quebec at the expense of the Bloc-Québécois.

³⁸This contrasted with the NDP's (the initiators of the *Golden Report*) 'progressive competitive' strategy for local/regional competitiveness. Todd, "Megacity", p. 194-195.

predominately urban municipalities would be amalgamated.³⁹ While the latter argued for various alternative forms of one tier government.

For the City of Ottawa, and underlining the economic arguments concerning cohesion and coherence of urban regions, "[t]he structure of municipal government in Ottawa-Carleton has failed to fulfil, in large part, its role as a facilitator to our business community".⁴⁰ Under Mayor Holzman, the City of Ottawa had expressed an initial willingness to work with suburban municipalities to explore various one-tier options. In April 1996, Holzman hosted a civic symposium to discuss these issues and in June it released *One-Tier Government: A Three City Concept*.⁴¹ Subsequently however, both Holzman and her successor as Mayor Jim Watson came firmly behind the one-city solution for municipal government.⁴² One city, it was argued, would result in cost efficiencies and lower taxes, reduce duplication and enable business to promote the region more effectively in the international market place. Any other solution will fracture the economic development effort, reduce the need for cooperation and increase intra-regional competition.

Indeed, the underlying economic rationale for the restructuring was voiced by the

³⁹The position of rural municipalities was problematic since there were calls for them to both opt out and be included in any one-tier structure established. M. Adam, "Rural split could turn ugly" *Ottawa Citizen* July 29 (1999), C1.

⁴⁰City of Ottawa, *One-Tier government options for Ottawa-Carleton* (Ottawa: Office of the Chief Administration Officer, 1996), p. 26.

⁴¹City of Ottawa, *One-Tier Government: A Three City Concept* (Ottawa: Office of the Chief Administration Officer, 1996).

⁴²R. Boswell, "Ottawa rejects Suburban Mayors, Ottawa rejects suburban plan" *Ottawa Citizen* December 4 (1996), A1; and City of Ottawa, *Local Government in Ottawa-Carleton: Policy, Priorities and Budgeting Committee Recommendations* (Ottawa: 1998).

regional government, as well as the key players in the entrepreneurial mode of governance.⁴³ Business it seemed, finally had the stomach for fundamental structural change in local government as a vehicle for creating coherence in the region's accumulation strategy. According to one local business person, "[r]unning the city is like running a business. Keep it simple and watch your overhead. Multi-levels of government means overhead to me"⁴⁴ The OCBT, mirroring the role played by the Toronto Board of Trade in the mega-city debate, released a position paper on municipal restructuring, via its website and newspaper advertisements.⁴⁵ OED made an official presentation to the special advisor appointed by the province to study municipal restructuring arguing for a one city model. In somewhat of an ironic twist, given that it was his organization that was blamed for economic governance failure in the first place, the chair of OED argued that "Ottawa needs to emerge from its current identity crisis with a strong image, communicated clearly by a single voice, selling the business advantages of our region to the world"⁴⁶. Rod Bryden as co-chair of TOP wrote an open letter to Mike Harris in the *Ottawa Citizen* where it was declared that we "need a

⁴³On the Region's position see Regional Chair B. Chiarelli, "Restructuring Government in Ottawa-Carleton for the 21st Century" and Regional Councillor Peter Hume "Economic Development" contributions to the *Regional Presentation to the Special Advisor*, www.restructuringinfo.com October 12 (1999).

⁴⁴The head of ER Fisher quoted in M. Rodrigue, "What's the solution" *Ottawa Business Journal*, 4/10 (1998), p. 1, 12-13

⁴⁵See *Ottawa Business Journal*, "Ottawa Board of Trade announces principles for restructuring government" www.ottawabusinessjournal.com October 25 (1999); M. Adam, "Tri-city plan too costly: Board of Trade" *Ottawa Citizen* July 27 (1999), D1; K. Chappell, "Business unites behind one-city" *Ottawa Business Journal* www.ottawabusinessjournal.com August 22 (1999).

⁴⁶F. Holtforster quoted in "OED Calls for One City Model" *OED* www.ottawaregion.com Nov 3 (1999).

city that will be able to compete worldwide for the best and brightest individuals to enhance our knowledge-based economy and assist this area in contributing to Ontario's stellar prosperity!"⁴⁷ Moreover its "always a tough sell to promote Ottawa-Carleton abroad because investors are often confused by what the region is, and easily put off by its many layers"⁴⁸

Against this one city model, and resigned to the single tier framework, suburban municipalities (and their local chambers of commerce) such as Nepean, Kanata and Gloucester argued for a three city urban model (Kanata/Nepean; Gloucester/Cumberland; Ottawa/Vanier and Rockcliffe).⁴⁹ Proponents of this model stressed the greater sensitivity to local community needs that three cities would provide, the cultural distinctiveness of specific areas within the region (the francophone population for example in the east end), and the exaggerated cost savings stressed by one-city advocates.⁵⁰ Additionally there was an issue of how the various debts of municipalities would be apportioned across the region, particularly vis-à-vis property tax assessment in the former financially sound cities of Kanata

⁴⁷R. Bryden, "Open letter to Premier Mike Harris: We urge you to approve a one city governance model for municipal restructuring in the Ottawa area" *Ottawa Citizen* August 7 (1999), D10.

⁴⁸M. Adam, "The Importance of being 'Ottawa'" *Ottawa Citizen* August 25 (1999), A10.

⁴⁹Earlier the suburban municipalities in conjunction with their rural counterparts put forward a one-tier, 11 municipality model, abolishing regional government and replacing it with four service corporations to deliver regional wide services. See Cumberland, Gloucester, Goulbourn, Kanata, Nepean, Osgoode, Rideau, Rockcliffe Park, Vanier, West Carleton, *Greater Ottawa: A Partnership for the Future - Recommendations for Public Consultation* (Ottawa: 1997)

⁵⁰see R. Boswell, "Kanata fears loss of identity in supercity" *Ottawa Citizen* December 6 (1996), D1; K. Chappell, "Mega-city survey erupts into nasty confrontation" *Ottawa Business Journal*, www.ottawabusinessjournal.com May 31 (1999); M. Adam, "Current drive for one-city vision picks up steam" *Ottawa Citizen* August 7 (1999), C1.

and Nepean.⁵¹ In essence this tri-city model represents a 'least-worst' scenario within a single-tier framework, since for years suburban and rural politicians have been hesitant to any change to the status quo.

In an effort at compromise between both sides of the debate, a University of Ottawa report released by Gilles Paquet and the Centre of Governance advocated a 'Borough system of governance'.⁵² The seven urban municipalities would amalgamate into one urban entity (the 4 townships could choose to join) with one mayor, and 28 councillors. Eight boroughs would be created attentive to local community needs: Kanata, Nepean, Orleans, Bytown, Westboro, Eastboro, Southboro, and Carleton. While most one tier advocates responded favourably to this report others such as City of Ottawa Mayor Jim Watson feared that the borough system might create mini-fiefdoms or a 'tier and a half' of local government in the region.⁵³ Moreover, mayors who favoured three cities (Merle Nicholds of Kanata, Mary Pitt of Nepean, Claudette Cain of Gloucester) argued that the proposals simply did not go far enough in terms of local autonomy.

Given the lines of contestation and the passions ignited over the one municipal restructuring the province had to step directly in to impose a solution.⁵⁴ On August 24 1999 the province's Municipal Affairs minister Steve Gilchrist announced that amalgamation (the

⁵¹M. Adam, "Ottawa's \$106-million debt will dog new council" *Ottawa Citizen Online* www.ottawacitizen.com October 29 (2000).

⁵²M. Adam, "One city, eight boroughs" *Ottawa Citizen* August 20 (1999), A1.

⁵³C. Buchanan, "Watson fears plan's 'mini-fiefdoms'" *Ottawa Citizen* August 20 (1999), C1.

⁵⁴In 1998 a local citizen's panel designed to articulate a locally developed solution collapsed amid mutual recrimination and claims of interference from local municipalities.

end of 2-tier municipal government) would occur in the regions of Hamilton-Wentworth, Haldimand-Norfolk, Sudbury and Ottawa-Carleton in time for legislation to be passed for the 2000 municipal elections. Gilchrist said of the political restructuring of Toronto, “[t]he math is irrefutable...there are considerable savings to be made by eliminating duplication in delivery of services and governance costs, and by streamlining the way Toronto not only does business internationally but how it markets itself as one common entity around the world”⁵⁵ This provincial agenda of marrying an ideology of “fewer politicians, lower taxes” with the creation of globally competitive local spaces was now being applied to Ottawa.⁵⁶

A special advisor, Glen Shortcliffe was appointed on September 24 1999 to recommend the reforms in municipal government. Initially it looked like the 3-city model was ahead in the restructuring debate. Most of current Tory caucus favoured a three city model for the region. This reflected the roles played by local area MPPs John Baird Minister of Community and Social Services and Brian Coburn (former mayor of Gloucester), parliamentary assistant to the Minister of Municipal affairs, both of whom vigorously advocated the 3 cities framework.⁵⁷

At the end of the day however, and arguably due to the vigorous support of business and economic development agencies in the region, the one city model was recommended in

⁵⁵M. Adam, “Amalgamation expert to study Ottawa-Carleton situation” *Ottawa Citizen* June 19 (1999), C4.

⁵⁶S. Gilchrist, *Notes for Remarks on Regional Reform in Ottawa-Carleton*, (Toronto: Minister of Municipal Affairs and Housing, Government of Ontario Press Releases, September 24, 1999).

⁵⁷*Ottawa Citizen*, “Stick with regional government”, June 25 (1999), F 4.

the Shortcliffe Report.⁵⁸ With a mandate of fewer local politicians, less bureaucracy, lower taxes, delivering quality services at the lowest cost and “promoting job creation, investment and economic growth”, the report called for the creation of a new City of Ottawa with one Mayor and 18 elected representatives.⁵⁹ Recapitulating the theme of the relationship between local economic development and political restructuring, the report claimed that: “as the 21st Century dawns, the realities facing governments at the federal and provincial levels dictate that at the municipal level maximum aggregation must occur to permit economies of scale, efficiency, controlled costs to the taxpayer and the ability to compete in both the national and global marketplace”.⁶⁰

The geographical entity of Ottawa-Carleton is “**one** integrated economy, which functions as, **one** economic unit and, which is fundamentally, **one** vibrant inter-dependent Community of communities”.⁶¹ It seems that the forces who understand Ottawa as a highly competitive node in globalized economy have triumphed over the parochial interests of the suburbs. Whether this formal political restructuring of the local state will serve to reinforce the other institutional changes designed to create governance coherence remains to be seen. According to the new Ontario Minister of Municipal Affairs Tony Clement at least, “Ottawa is one of the most dynamic areas in all of Canada in terms of economic growth and this

⁵⁸Shortcliffe, *One City*.

⁵⁹*Ibid*, p. 13. The number of regional councillors has since expanded to 21 in the new City of Ottawa.

⁶⁰*Ibid*, p. 34;[emphasis in original].

⁶¹*Ibid*, [emphasis in original].

amalgamation will only help the new city be a world beater, a magnet for world business".⁶² Prompted to outline the challenges facing the new city, the minister cited the 'problems of growth' related to the current boom in the high-tech sector. But these problems such as infrastructural constraints, must be put into context since "I'd rather have the coping with growth problems than coping with economic distress problems".⁶³

The minister's observations underline a particular narrative of the entrepreneurial city. And that is that local accumulation strategies cohering around creating globally competitive local spaces are beneficial to the wider community as a whole. An alternative narrative, one which foregrounds the 'economic distress' which the minister dismisses, is visible in Ottawa's universe of political discourse. Having this narrative heard, and moreover, being able to translate this into local policy is the subject of the following section. Indeed, constructing counter-hegemonic claims in and through the local state opens up a wider question of accountability and representation in Ottawa's local mode of governance.

The 'one vision - one voice' discourse promoted by non-governmental organizations in Ottawa's local mode of governance appears to be constructed around a very narrow segment of Ottawa's technopolis. It is small wonder then that the message arising out of policy documents and vision statements is that high tech growth is either highly beneficial at best or unproblematic at worst for the local community and beyond. Until the late 1990s there was little consideration of its impact on income polarization, a growing trend in Canadian society linked to the kind of work created by the emerging economic sectors

⁶²Quoted in M. Adam, "Unified city 'a magnet' for business" *Ottawa Citizen* www.ottawacitizen.com November 12 (2000).

⁶³*Ibid.*

although it is clear that non-unionized jobs are replacing unionized public sector ones in the local economy. Although the involvement of community stakeholders is stressed, these have tended to encompass only elites within the business community and particularly representatives from firms in the advanced technology sector. While the inclusive potential of local modes of governance is not pre-determined, the governance of Ottawa's technopolis has so far been built around a very exclusive segment of elites and reduced lines of accountability to the wider community.

6.3] Accountability and Representation in Ottawa's Local Mode of Governance: Challenging the Narrative of Entrepreneurialism?

The international literature on the 'new urban politics' that we reviewed in chapter three, suggests that the shift to the 'entrepreneurial city' marks a depoliticization of the local terrain with the predominance of private sector business interests articulated through new economic governance arrangements.⁶⁴ For Erik Swyngedouw, these new 'glocal' forms of governance embody a 'new authoritarianism' with the formation of new elite coalitions and the systematic exclusion of weaker social groups from the decision making process.⁶⁵ In short "the production of 'post-fordist spaces is paralleled by disturbing political transformations

⁶⁴S. Clarke, "The New Localism: local Politics in a Global Era" in E. Goetz and S. Clarke (eds) *The New Localism: Comparative Urban Politics in a Global Era* (London: Sage Pub, 1993), p. 16.

⁶⁵E. Swyngedouw, "Reconstructing Citizenship, the Rescaling of the State and the New Authoritarianism: Closing the Belgian Mines" *Urban Studies* 33/8 (1996), p. 1503.

and a redefined citizenship".⁶⁶ Roger Keil also identifies the shift to the Right in urban politics with a growing hegemony associated with what he calls 'neoliberal urbanism'.⁶⁷ Margaret Thatcher's attack against 'red city halls' in the UK, Rudolph Giuliani's 'makeover' of New York City and the Toronto media's attack against the urban poor and the Ontario Coalition Against Poverty (OCAP), are said to mark this conservative ascendancy in municipal politics.

In the case of Toronto, the creation of mega-city by the province seems to embody the demise of a classical liberal urban reform movement which tended to favour slow growth and urban planning, and the triumph of an entrepreneurial urban regime constructed around an aggressive globally oriented economic growth strategy.⁶⁸ This pro-growth regime consisting of major area firms, the Toronto Board of Trade and supported by the neoliberal agenda of the province, was able to successfully reconstruct the governance structure of Toronto in the face of widespread community opposition. Facilitated by a discursive narrative of globalization, and:

[r]edesigned by elites engaging in social struggle from above, local government may end up as a smaller bundle of democratic and accountable institutions surrounded by 'flexible' institutions of private governance that are less accountable and less comprehensive to the citizenry. The plethora of agencies, boards and commissions that constitute the broader 'local state'

⁶⁶*Ibid.*

⁶⁷R. Keil, "Going Local: The Left in the Post-National City" paper presented to the conference, *The Left in a Post-it World* (Carleton University, Ottawa: March 10-11, 2000).

⁶⁸Keil, "Going Local", p. 17; Todd, "Megacity", p. 202;

means that this is already partly the case.⁶⁹

Therefore, in an important sense this ascendancy of the Right at the level of local politics encompasses a *return* to a traditional municipal politics in Canada. As legislative 'creatures of the province', local governments have always had a tenuous relationship to local sources of political legitimacy. According to Todd, "there is no reason to presume that the more immediate scale of local politics will be any more familiar or open to democratic participation. The ideology of separating the administrative and service provision role of local government from politics (and preferably emphasizing the former) has informed local government in Canada for as long as there have been attempts at urban reforms".⁷⁰

In chapter four we noted the brief moment of a politics of consumption which cohered at the local level during the late 1960s and early 1970s. In this period Canadian municipal governments encouraged an increase in public participation particularly in the areas of land-use planning. This was reinforced by community activism funded through the federal and provincial Keynesian Welfare State structures.⁷¹ Magnusson argues that the material and discursive shift in urban politics since the 1980s signifies the disruption of the local political spaces opened with this New Left insurgency.⁷² This has been mediated by

⁶⁹Todd, "Megacity", p. 199.

⁷⁰*Ibid*, p. 209.

⁷¹K. Graham and S. Phillips, "Making Public Participation More Effective: Issues for Local Government" in K. Graham and S. Phillips (eds) *Citizen Engagement: Lessons in Participation from Local Government* (Toronto: Institute of Public Administration of Canada, 1998), p. 6.

⁷²W. Magnusson, "Metropolitan Change and Political Disruption: the New Left, and the New Right, and Postwar Orthodoxy" in F. Frisken (ed) *The Changing Canadian*

the fiscal crisis of the state since there has been a diminished organizational capacity of both local government and community groups as funding and resources have declined.⁷³

The paradigmatic shift to entrepreneurial modes of governance articulated through an 'institutional decomposition'⁷⁴ of government to governance is extremely problematic for public participation vis-à-vis economic development policy. On the one hand the recomposition of the local state does indeed signify a growing 'public' involvement in local economic development through public-private partnerships.⁷⁵ On the other hand, what is exactly meant by 'public' is in question. More often than not it is major firms, high profile business people and their representative organizations which have been conflated with 'community stakeholders' in the construction of entrepreneurial strategies of local economic regeneration.

The shift from government to governance, that is, the increasing networks of organizations formally and informally incorporated into the local state, and coordinated by a metabroker, may actually signify a "more recent incarnations of the same tradition of

Metropolis: A Public Policy Perspective vol II (Toronto: Canadian Urban Institute, 1994), p. 541-560.

⁷³Magnusson also argues that a neoconservative shift in local politics has been facilitated by the growth of a grassroots conservative movement more concerned with property values and associated with NIMBYism, resistance to halfway houses and public housing etc. *Ibid*, p. 555.

⁷⁴This term is borrowed from Valler, Wood and North, "Local governance and local business interests", p. 410.

⁷⁵Graham and Phillips, "Making Public Participation More Effective", p. 2.

governance by elite committee".⁷⁶ Quasi nongovernmental organizations such as the Toronto Economic Development Corporation (TEDCO) and its Ottawa counterpart, OED, constitute one key element of this 'elite committee' as far as economic development policy is concerned. These institutions of meta-governance clearly reflect a "grey area between state and private capital".⁷⁷ Indeed Todd wonders whether they may not simply be "a more roundabout way of providing public subsidies to private property".⁷⁸

The issue of public accountability of key economic development agencies has also been present in Ottawa's local universe of political discourse. We noted how in the course of the 1997 municipal election campaign, Bob Chiarelli attacked the region's primary vehicle for economic governance - OCEDCO - over issues of accountability.⁷⁹ As a non-profit organization and recipient of government funds OCEDCO (and other government funded organizations such as OCRI, OTCA and OLSC) must abide by corporation acts governing non-profits and provide reports to local government.⁸⁰ Membership in OCEDCO is limited to corporations, businesses and societies which 'carry on business' in the region in addition to honorary members such as universities, colleges, municipalities, the NRC and

⁷⁶R. Keil, "Toronto in the 1990s: Dissociated governance?" *Studies in Political Economy* 56 (1998), p. 164.

⁷⁷G. Todd, "Restructuring the Local State: Economic Development and Local Public Enterprise in Toronto" in J. Caulfield and L. Peake (eds) *City Lives and City Forms: Critical Research and Canadian Urbanism* (Toronto: University of Toronto Press, 1996), p. 187.

⁷⁸*Ibid*, p. 180.

⁷⁹Chapter 5, section 3.

⁸⁰With only a very small proportion of its funding coming from local government, public accountability is less an issue for OCRI.

the Ontario Ministry for Economic Development and Trade. While OCRI offers individual memberships, these are distributed for an annual fee of \$300 and voting members of the organization are restricted to corporations, universities and colleges.⁸¹ Neither organization reserves a seat for labour or other community groups on their respective Boards of Directors.⁸² Indeed, in its literature OCEDCO takes pains to emphasize that it has a private sector-led board despite providing honorary chair status to the RMOC's Regional Chair. OCRI's board gives permanent representation to Nortel, Bell Canada and Ottawa's three post-secondary institutions. Both firms boast directorships held by the senior officials of such firms as Nortel, Corel, Mitel, Gandalf Technologies and more.

With the shift to a 'purchase for services' funding arrangement within the new City of Ottawa/TOP economic development structure, it is envisaged that economic development agencies will become more politically accountable, at least to City Council. Aside from financial accountability issues, it is also legitimate to ask the question why a "broader cross-section of the community" was not "represented on the board of OCEDCO".⁸³ As the appointed metabroker for local economic development policy up until 1998, OCEDCO attempted to coordinate a local economic growth strategy constructed by a narrow segment of the community. As Wallace observes, this was the consequence of a new ideological environment established in Ottawa where the "local state increasingly makes common cause

⁸¹This single fee for individuals contrasts with OCRI's fee scale for corporations which is sensitive to a company's annual revenues.

⁸²This differs from the practice of TEDCO which reserves two seats for labour on its board. Todd, "Restructuring the Local State".

⁸³K. Graham, S. Phillips and A. Maslove, *Urban Governance in Canada: Representation, Resources and Restructuring* (Toronto: Harcourt Brace, 1998), p. 6.

with business interests and shares in their discursive (re)construction of the challenges and opportunities facing the citizenry".⁸⁴ Ironically, in a survey for the 1996 Regional Plan review, many business executives claimed that the RMOC and City of Ottawa were "too easily influenced by special interest groups and citizen's associations, and that this should be reduced".⁸⁵ The only 'special interests' that seem to count were those of business! These views of local business are undoubtedly shaped by the legacy of Ottawa's earlier progressive urban era in the seventies and early eighties where business interests took a back seat to a collective consumption orthodoxy.⁸⁶

Notwithstanding the interlocking elite cleavages which were apparent during the nineties, a narrative of local economic restructuring emerged which upheld both the necessity of diversification and the benefits to all which would accrue as a result. Against this dominant narrative of the entrepreneurial city being promulgated by OCEDCO, OCBT and business at large, was a growing chorus of those perturbed by both the growing visibility of social polarization in the region and the lack of inclusiveness in the local mode of governance. A growing gap became evident between representations and the experience of urban space by the wider population within Ottawa's entrepreneurial city.

Commenting in 1994 on the 'turf battles' between economic development agencies, Katherine Graham argued that some voices such as immigrants and low income groups were

⁸⁴Wallace, "Many Lenses", p. 26.

⁸⁵The Corporate Research Group Ltd, *Interviews with a Sample of Business Executives* (Ottawa: prepared for the RMOC, July 1995), p. 4; and RMOC, *Regional Plan Review: Perspectives on the Ottawa-Carleton Economy* (Ottawa: Planning and Property Department, 1996), p. 19.

⁸⁶See chapter 4, section 3.

simply absent in this economic policy power play.⁸⁷ In 1996 the Federation of Citizen's Associations of Ottawa-Carleton (FCA) asserted that while it supported the region's vision on economic development as articulated in *Partners for the Future*, it wanted itself and the public to be involved in future consultations on economic development.⁸⁸ From within Regional Council, Brian McGarry maintained that planners needed to broaden representation on regional economic development efforts to include not only the Outaouais, but organized labour and health care groups for example.⁸⁹ Also in the same year, a conference on the *Future of Life and Work in the National Capital* was held to discuss the dramatic changes facing the regional economy.⁹⁰ At this conference tentative calls were made to bring together business, labour and social services. According to one representative, a researcher with the Social Planning Council of Ottawa-Carleton (SPC), "a couple of years ago, I would have thought (working with business) was a cop out". The brave new world of federal and provincial cutbacks had however, created the conditions for the beginning of a dialogue between the local economic policy community and wider community groups.

The 1995 federal cutback of 15,000 full time jobs, coupled with the Harris agenda of significant changes to public spending and government reorganization created a local politics which directly implicated higher spatial scales of the Canadian state within the local

⁸⁷B. Hill, "The Challenges to diversify" *Ottawa Citizen* November 12 (1994), F1.

⁸⁸RMOC, *Corporate Services and Economic Development Committee Report* (Ottawa: June 18, 1996).

⁸⁹B. Hill, "Region puts forward wide ranging wish list" *Ottawa Citizen* June 28 (1996), A1, B6.

⁹⁰P. Tam, "Business leaders, local activists debate dramatic economic change: Groups attempt to form an alliance" *Ottawa Citizen* December 2 (1996), A12.

universe of political discourse. Faced with the prospect of provincial cuts to the region of \$14m, the FCA, SPC, the Public Service Alliance of Canada and the Ottawa District Labour Council formed *Options 96*.⁹¹ *Options 96* mirrored a wider activism throughout Ontario against disentanglement and other reforms embodied in the Days of Action, and the Citizens for Local Democracy in Toronto. In 1997 a series of *People's Hearings* were held across the Ottawa region to address the growing seriousness of poverty and homelessness which had become attenuated with the downloading of costs and responsibilities onto the RMOC, and the RMOC's subsequent reduction in funding of some social programmes.⁹² In a review of the impact of these cuts to the community service sector, the SPC observed that while "individual staff and agencies are struggling to 'do more with less', it is more relevant at the level of the community-based sector to describe the situation as 'doing less with less'".⁹³ The report noted the overall loss of \$9.7m in funding to the community sector as a result of cutbacks between 1996 and 1997.

In 1999 the SPC held its 1st annual community consultation conference attended by 100 organizations to reflect on socio-economic trends in Ottawa-Carleton. The conference

⁹¹Options '96, *Options '96: Putting Our Communities First* (Ottawa: 1996). Interestingly, some of the measures outlined in this pamphlet to save social services included a reduction in grants to OCEDCO, as well as RMOC funding of conventions and conferences. Not all groups in the region therefore shared the same prioritization of local economic development.

⁹²People's Hearings on Poverty, *People First*, (Ottawa: report from the organizing committee, 1998).

⁹³Social Planning Council of Ottawa-Carleton, *Doing Less with Less: Report on the 1997 Ottawa-Carleton Community Agency Survey* (Ottawa: 1998), p. 6.

was based on a presentation of its recently released report the *Tale of Two Cities*.⁹⁴ The report highlights the co-existence of an affluent, highly educated workforce in the region with a growing section of the local population marginalized by economic and social restructuring. Moreover, "the current model of economic development and regional change has had benefits for some but, as we approach the end of the century, little has improved and much has worsened for the disadvantaged and the working and non-working poor. Today, community agencies struggle to cope with a changing funding environment and an expansion in the size and scope of community needs".⁹⁵

The report painted a different picture of the region than the dominant image of prosperity that the entrepreneurial narrative suggested. Growing levels of child poverty, low income incidence and youth unemployment belied the explosive growth in the high-tech sector.⁹⁶ The region exhibited a "disquieting trend of disparities and inequalities between rich and poor, between inner urban areas and outlying and suburban areas, between different segments and subgroups of the population of Ottawa-Carleton".⁹⁷

⁹⁴Social Planning Council of Ottawa-Carleton and United Way, *A Tale of Two Cities: Socio-Demographic and Economic Trends in Ottawa-Carleton* (Ottawa: 1999); and Social Planning Council of Ottawa-Carleton, *A Tale of Two Cities: Socio-Demographic and Economic Trends in Ottawa-Carleton - Technical Report* (Ottawa: 1999).

⁹⁵Social Planning Council of Ottawa-Carleton, *Technical Report*, p. 1.

⁹⁶The SPC's *Quality of life* survey released in the same year also reinforced the conclusions of the *Tale of Two Cities*. Despite renewed economic growth since the early 1990s, the overall quality of life had barely returned to the 1990 level, as measured by a quality of life index. Social Planning Council, *The Quality of life in Ottawa-Carleton* (Ottawa: 1999).

⁹⁷Social Planning Council of Ottawa-Carleton and United Way, *Tale of Two Cities*, p. 21.

What *Options 96*, *People's Hearings* and the *Tale of Two Cities* indicate, was a growing social activism around a politics of consumption in the face of the restructuring of the Keynesian Welfare State. While directed at all state tiers, this politics of consumption is interesting from our point of view for the way it directly intersected with the construction of local economic development policy in Ottawa. On the one hand, the massive funding cuts to community groups highlighted the need to partner with non-traditional groups to provide social services to the community. At the SPC's Community Consultation for example, "some felt that the social sector has a responsibility to break out of the ghetto of social services and develop partnerships with all the community at the table, including business".⁹⁸ On the other hand, this interrelationship opened up the discursive space for a wider representation in the entrepreneurial mode of governance. And in the process of being involved in local economic development policy, the community sector could attempt to redefine what was meant by 'economic' development. As we shall also see however, this redefinition also worked in the other direction. Social policy could be redefined in narrower economic parameters.

The Chaiton report which had precipitated a realignment of economic development organizations within the entrepreneurial mode of governance, had also recognized the necessity of a wider consultation on economic development strategies in Ottawa.⁹⁹ Similarly

⁹⁸Social Planning Council of Ottawa-Carleton, *Community Consultation Report* (Ottawa: 1999), p. 17

⁹⁹A. Chaiton, *Putting Ottawa on the Map: A Review of Economic Development Agencies in Ottawa-Carleton* (Ottawa: a report submitted to the Economic Affairs Unit, RMO, 1999), p. 21.

the RMOC commissioned report, *Regional Directions* identified a “broad stakeholder participation” in a comprehensive economic development strategy.¹⁰⁰ Finally, the cornerstone of Ottawa’s new growth strategy, *Choosing a Future*, had elevated social equity issues to one of three major strategies to develop Ottawa’s Innovation Economy.¹⁰¹

Beyond the rhetoric, a number of initiatives illustrate this broader stakeholder participation in economic development. As a result of the *People’s Hearing’s* a Task Force on Poverty was established in September 1998 chaired jointly by a community representative and a Regional representative from Social Services.¹⁰² The key to the reduction of poverty in the region, it was argued, was an integration of both social and economic goals.¹⁰³ To this end, four interventions were identified: meeting basic needs, removing barriers, building skills and promoting economic development. Reducing poverty therefore meant being better able to integrate individuals into the area’s new economy. To date the Task Force’s actions include establishing communications with the Ottawa Food Bank, contributing to a Community Monitoring Project on Ontario Works (the provincial government’s workfare programme) and developing employment and training initiatives for low income groups through representation on the Employment Task Forces’ *Partners for Jobs*.

The *People First* report which emerged from the People’s Hearings, together with

¹⁰⁰KPMG (1999) *Regional Directions: A Statement of Regional Priorities 2000-2004* (Ottawa: prepared for the RMOC, 1999), p. 23.

¹⁰¹ICF Consulting, *Choosing a Future: A New Economic Vision for Ottawa* (Ottawa: report prepared for the Ottawa Partnership, 2000), p. 7.

¹⁰²Task Force on Poverty, *People First: Creating Hope Through Change* (Ottawa, 2000).

¹⁰³*Ibid*, p. 12.

the *Chaiton Report* had both recommended the establishment of an Employment Task force to address the skill mismatch of those left outside the new knowledge sectors.¹⁰⁴ The Task Force was established in 1999 with broad representation from the community at large and co-chaired by Andrée Lortie, president of La Cité Collégiale, and a high profile member of the local business community, John Kelly, CEO of JetForm Group. The subsequent document, *Partners for Jobs*, provides a statement on the region's labour force development strategy.¹⁰⁵

The extent to which the broader participation within the economic development policy milieu of community groups and the Social Service department of the RMOC signifies a substantive reorientation of the entrepreneurial narrative is unclear. Initiatives such as the *Task Force on Poverty* and *Partners for Jobs* do represent genuine attempts to respond to pressing social needs in the region. In this regard they may be creating a space to 'humanize' economic development, incorporating a wider community vision of what constitutes economic growth. However, these initiatives may equally represent an insulation of 'real' economic development priorities from other demands. By creating an institutional space for poverty elimination and low-end labour force development within the local state, the major underpinnings of entrepreneurialism remain untouched. In his analysis of Toronto's mega-city, Roger Keil uses the term 'dissociation' to describe a disengagement

¹⁰⁴People's Hearing on Poverty, *People First*, p. 32; Chaiton, *Putting Ottawa 'on the map'*, p. 21. See also KPMG's *Regional Directions*, p. 1.

¹⁰⁵Task Force on Employment, *Partners for Jobs - Investing in the Community: An Employment Plan* (Ottawa: 1999).

of urban development politics from the demands of civil society.¹⁰⁶ This dissociation involves both a separation and insulation of local economic development policy from wider claims. This disengagement may indeed be evident in Ottawa's mode of governance.

If one examines the structure of The Ottawa Partnership (TOP) for example, one finds various CEOs of major companies, tertiary education representatives, economic development agencies, the provincial Ministry of Economic Development and Trade, but no voluntary sector or labour representatives. Despite outlining a host of Flagship and cluster action initiatives to develop Ottawa's Innovation Economy, not one of these attends to the claim of integrating 'social equity' concerns into the economic development strategy of TOP. Moreover, in the new City of Ottawa, employment and labour force development strategies are institutionally separated from economic development. The former is located within the new Peoples Services Department, while the latter is delivered through the Business Development Branch of Development Services. It remains to be seen the lines of communication between these two organizationally separate, but presumably related policy areas of economic development.

In addition, the adoption of new modes of delivering services in the new City has elicited strong reaction from the community sector. The Transition Board, an unelected group appointed by the province to oversee the amalgamation process, was mandated with a task of inducing cost savings in the new City of \$75m over three years. In July, the various interim reports of the Transition Board indicated an additional \$103m must be cut from the

¹⁰⁶Keil, "Toronto in the 1990s", p. 154.

city's budget beyond the provincially mandated figure.¹⁰⁷ At the SPC's second annual Community Consultation held in 2000, participants were in agreement with the following statement that "the Transition Board seems to be mainly concerned with the bottom line...the economic development of our region must generate social development as well".¹⁰⁸ With an agenda of saving tax dollars, amalgamating services and identifying alternative methods of delivering services, the Social Planning Council characterized the Board as enshrining an 'enterprise culture' in local government.¹⁰⁹ Whether it is outsourcing services to the for-profit sector, contracting services to the non-profit sector or automating services, the strategic and structural transformation of the local state seems to have run full course. A hollowed-out and business-like apparatus of local government now appears to reside within the wider entrepreneurial state.

In the next section we will briefly problematize the relationship between *Partners for Jobs* and the region's entrepreneurial accumulation strategy in general. Not only may *Partners* signify a dissociation of economic development from social issues (via a degree of co-optation), but also a reordering of social policy itself.

¹⁰⁷*Boardwatch*, (www.ottawaboardwatch.com: 2000)

¹⁰⁸Social Planning Council of Ottawa-Carleton, *Annual Community Consultation on Municipal Amalgamation: Final Report* (Ottawa: 2000), p. 23.

¹⁰⁹Social Planning Council of Ottawa-Carleton, *SPC Bulletin* 1/2 (2000).

6.4] Labour Development Strategy: Neocorporatism or a Productivist Reordering of Social Policy?

As one of its various recommendations, the 1992 report, *Partners for the Future* outlined the need to focus on training and retraining to prevent the mismatch of skills in a diversified local economy, and therefore the implementation and coordination of an effective labour force development programme.¹¹⁰ Such a strategy was not however forthcoming in subsequent years. To the extent that any labour force development strategy existed, it resided in OCRI's ad hoc efforts to ensure an adequate supply of skilled labour to Ottawa's burgeoning high-tech sector.¹¹¹ In this regard it developed a number of collaborative endeavours with the region's tertiary institutes.

Despite growth in the high-tech sector, it was becoming readily apparent that a polarized labour market existed, structured around a privileged core of highly skilled workers in the advanced technology sector, and a growing level of underemployment, if not unemployed workers, in sectors outside high-tech. In conjunction with the growing visibility of poverty and low income incidence, a labour force development strategy became linked to poverty alleviation and the reduction of welfare dependence. In 1998, Regional Chair

¹¹⁰Ottawa-Carleton Economic Development Task Force, *Partners for the Future*, p. 47.

¹¹¹The region also relied on federal government initiatives such as the pilot immigration scheme to lift the immigration requirements for knowledge workers given the relative labour shortage which has characterized this industry.

Chiarelli commissioned the Caledon Institute to prepare suggestions on such a strategy.¹¹² The report found that behind the facade of an apparently healthy economy lay a significant level of underemployment in the region via a proliferation of part time and casual work, together with those simply unemployed. Moreover with the incidence of low income residents increasing from 14.5% to 18.9% between 1991 and 1996, what was needed was an greater integration of social and economic goals.¹¹³ OED's *Hidden Workforce* also underlined the Caledon Institute's rationale for a workforce strategy since it had estimated that the real rate of unemployment in the region was 23%, far higher than the official figure of 8.8% in 1997.¹¹⁴

In the Fall of 1998 a Task Force was established and in June the following year *Partners for Jobs* was released. The report outlined eight goals: (i) integrate labour force development into economic development, (ii) reduce and prevent unemployment, (iii) increase labour force participation, (iv) identify and reduce skill shortages, (v) increase access to training and employment services, (vi) reduce barriers to employment, (vii) strengthen and develop the labour force, and (viii) create a sustainable framework for labour force development.¹¹⁵ The strategy was to be directed towards the un/under employed and social assistance recipients.

The report and the follow up *Action phase* outline a number of initiatives and projects

¹¹²Caledon Institute, *A Labour Force Development Strategy for Ottawa-Carleton* (Ottawa: 1998).

¹¹³*Ibid*, p. 3.

¹¹⁴OED, *Ottawa's Hidden Workforce* (Ottawa: 1998), p. 2.

¹¹⁵Task Force on Employment, *Partners for Jobs*, p. 1-2.

which have succeeded in translating 350 Ontario Works clients into full time employment.¹¹⁶ The initiatives and programmes can be broadly categorized into ones dealing with customer services, access to technology, and those related to high-technology sector. In relation to Ottawa's technopolis, the programmes are primarily concerned with 'entry level' positions such as Adeco Employment services Ltd's fibre optic assembly positions and Somerset West Community Health Centre's Youth at Risk programme to provide employment skill development in high technology. In addition there are a number of customer service programmes in the area of Call Centres.

To the extent that *Partners* is providing workforce development vis-à-vis the glamour high-tech sector, it seems that this employment strategy is definitely targeted at the low end of this sector. This raises a broader question of the nature of the jobs being created by technopolis development. As the Social Planning Council points out, not all high-tech jobs are 'good' jobs. Incomes vary by occupational group with a core-periphery labour market structure emerging.¹¹⁷ The quality of the 5000 jobs in the region's call centre cluster is also debatable.¹¹⁸

The segmented labour market in the high-tech sector also brings to the fore the role of organized labour in the Ottawa region. This is more accurately described as a non-role, since the diversification of the local economy has replaced public sector unionized jobs with

¹¹⁶Partners for Jobs, *Partners for Jobs: Action Phase Progress Report* (Ottawa: 2000), p. 9.

¹¹⁷Social Planning Council of Ottawa-Carleton, *Technical Report*, p. 53.

¹¹⁸K. Chappell, "Economic engines or sweatshops" *Ottawa Business Journal* 4/12 (1998), p. 1, 10-11.

non-unionized jobs in the high-tech sector. This illustrates the institutional limits of labour in shaping Ottawa's mode of governance.¹¹⁹ The efforts to unionize the high-tech sector are few and far between. In 1997 the Communications, Energy and Paperworkers Union attempted to organize 300 technicians and support workers at Telesat operations across Canada.¹²⁰ In the following year the Christian Labour Association of Canada and the Canadian Autoworkers tried to organize Nepean's JDS Fitel, maker of fibre optic components for high-speed data transmission. Workers were upset that they received \$10 per hour when others in the region received \$18.¹²¹ With between 16 to 18,000 high-tech component assemblers out of a total of over 700,000 high-tech workers, any unionization in this sub-sector is certainly not inconsequential.

To return to our discussion of *Partners for Jobs*, while this labour force strategy may represent a more inclusive approach to local economic development policy, it is arguably peripheral to Ottawa's entrepreneurial export oriented cluster-based accumulation strategy. It is illustrative that OCRI has also been charged with a new workforce development role. As one of its nine Flagship ideas, TOP's *Choosing a Future* identified a 'Skilling Ottawa' initiative. To date, the operationalization of this Flagship idea is represented by TalentWorks designed to address the skill shortage in the areas of telecommunications, microelectronics, photonics and the other clusters identified by the Economic Generators

¹¹⁹F. Abele, K. Graham, and A. Ker, "The Capital Paradox: Institutional Barriers to Social and economic Well Being in Canada's Capital" in Jackson and Graham (eds) *Diversification for Human Well Being*, p. 40.

¹²⁰*Ottawa Citizen*, "Union targets Telesat workers" July 16 (1997), C1.

¹²¹K. Standen, "Solidarity and the silicon set" *Ottawa Citizen* July 22 (1998), H1.

Projects. TalentWorks is to be managed by OCRI. The relationship between this high end labour force development strategy and *Partners for Jobs* is decidedly unclear.

What *Partners for Jobs* perhaps better illustrates is a “productivist reordering of social policy within the entrepreneurial city”.¹²² This reordering involves the recommodification of social policy, as a passive, universalistic approach to welfare provision is replaced increasingly with an ‘active’ and ‘targeted’ employability strategy. The productivist reconstitution of social policy is reflective of a wider reformulation of the Canadian welfare state being articulated at all spatial scales. Ontario Works for example, is the government of Ontario’s workfare regime designed to reduce welfare rolls, and move welfare recipients into jobs.¹²³ Similarly, the federal government’s National Child Benefit also attempts to redefine the nature of social policy.

Partners for Jobs is therefore indicative of how this reformulation of social policy is being mediated at the local level. Both the Chaiton Report and the KPMG authored *Regional Directions*, linked the creation of an employment strategy with a transformation in the role of the Social Services Department of the RMOC.¹²⁴ In *Regional Directions*, the stated aim was to “align all social service activities toward achieving employment

¹²²G. Macleod and D. Goodwin, “Space, scale and state strategy: rethinking urban and regional governance” *Progress in Human Geography* 23/4 (1999), p. 506.

¹²³For a discussion of workfare regimes in Canada see, J. Peck, “From Federal Welfare to local Workfare? Remaking Canada’s work-welfare regime” in A. Herod, G. Otuathail and S. Roberts (eds) *an Unruly World? Globalization, governance and geography* (London: Routledge, 1998), p. 95-115.

¹²⁴Chaiton, *Putting Ottawa ‘on the map’*, p. 21; KPMG, *Regional Directions*, p. 39.

outcomes".¹²⁵ By conducting work force development and fostering partnerships the Social Service Department would be able to reduce reliance and welfare dependence of residents in the region.¹²⁶

In *Partners for Jobs* this redefinition is made explicit, since "most welfare systems across Canada have amalgamated social welfare and employment and, most of the welfare departments have shifted their mandate from an emphasis on distributing benefits to finding ways to help welfare recipients find work".¹²⁷ With the assumption of a greater burden of the cost of General Welfare Assistance from the province, this reorientation is primarily designed to save money. In the *Action Phase*, it is estimated that the jobs created as a result of *Partners for Jobs* initiatives have saved the region \$1.6m.¹²⁸ Employment may also increase self esteem and "provide income that is often higher than the level of financial assistance provided through social welfare programs"!¹²⁹

Another related area in which a similar reordering of social policy may be taking place is Community Economic Development (CED). CED had been housed within OCEDCO since 1993 following the *Action Plan* to operationalize *Partners for the Future*.

¹²⁵KPMG, *Regional Directions*, p. 39.

¹²⁶In the amalgamated City of Ottawa the new Peoples Services Department will deliver services in the context of 'best practices' and efficiency similar to the new Business Development Branch. See Ottawa Transition Board (2000) *High Level Service Delivery Model: Peoples Services* (Ottawa: July, 2000); and Ottawa Transition Board (2000) *Service Delivery Model Detailed Design: Peoples Services Department* (Ottawa: September, 2000).

¹²⁷Task Force on Employment, *Partners for Jobs*, p. 6.

¹²⁸Partners for Jobs, *Action Phase Report*, p. 28.

¹²⁹Task Force on Employment, *Partners for Jobs*, p. 8.

Marginalized and neglected within the overall entrepreneurial project of the region, OCEDCO abandoned this function in 1998. *Partners for Jobs* in 1999 revived the idea of CED and proposed that the SPC report to the Task Force on Employment.¹³⁰ In the course of the report the SPC created a CED Network to enable the “region to develop funding resources, improve public awareness and develop leadership through sharing information, making linkages and facilitating partnerships”.¹³¹ With resources to be provided by the region (and now presumably the new City), the Network aimed to develop interdependent and cross-sectoral relationships with major players in the business community, as well as participating in the region’s economic development strategy. Once again it is unclear what working with business might concretely mean for community based efforts directed towards economic development. Nor is it readily apparent how exactly CED fits into the overall frame of Ottawa’s accumulation strategy.¹³² One suspects that in light of the fiscally conservative attitude of the new City of Ottawa, CED will once again be marginalized and neglected.

6.5] Conclusion.

While it is clear that the scope for community involvement in economic development policy

¹³⁰Social Planning Council of Ottawa-Carleton, *Community Economic Development: A Report to the Task Force on Employment Partners for Jobs* (Ottawa: 2000).

¹³¹*Ibid*, p. 6.

¹³²The CED Network does have representation on *Partners for Jobs*.

has been expanded in the latter half of the 1990s, the degree to which this represents a new corporatist arrangement (minus organized labour) for the governance of local economic development is ambiguous. By creating a limited institutional space within the local state, the dominant actors within the universe of political discourse may have in fact successfully insulated, or dissociated, the narrative of entrepreneurialism from the wider claims of civil society. 'Real' economic development policy may continue to be formulated and implemented by an elite segment of actors whose main concern is the construction of a local strategy of international competitiveness. This constellation of forces may better be described as 'technocorporatist'.¹³³ In his assessment of community participation in local economic development, Mike Raco warns that this participation may only serve to legitimate policy decisions taken by powerful non-elected economic development agencies.¹³⁴

In this regard, the nature of the local hegemonic project underpinning the local mode of governance is also open to question. A rhetoric of inclusiveness is certainly in evidence, along with particular policy initiatives attendant to claims made by urban civil society. The new streamlined system of local government and the associated marketization of municipal services and social policy suggest however, a certain foreclosure of political space to community groups and other social actors. An empirical investigation into Ottawa's economic governance structure suggests that we should be cautious of embracing the

¹³³Valler, Wood and North, "Local governance and local business interests", p. 421. This signifies an amalgam of local political actors, business leaders, professional and administrative elites.

¹³⁴M. Raco, "Assessing community participation in local economic development - lessons for the new urban policy" *Political Geography* 19 (2000), p. 573-599.

entrepreneurial city as the basis for democracy and social equality in the rescaled geography of post-Fordism. The final chapter argues that the narrative of entrepreneurialism must be significantly reconfigured if the notion of the city as a progressive socio-spatial site has any meaning.

Chapter 7: Conclusion: Whose City is it anyway? Rescripting the Entrepreneurial City.

The primary claim of this thesis has been that, corresponding to trends both internationally and within Canada, there has been a strategic reorientation and structural transformation of the local state in Ottawa around the entrepreneurial city. This locally constructed accumulation strategy has been premised on repositioning Ottawa as a competitive economic subject within a global geography of global(izing) cities and urban spaces. Based primarily on export-oriented technopolis growth and tourism, this local project of internationalization has been mediated by the tendential shift in local governance from managerialism to entrepreneurialism. The entrepreneurial local mode of governance defines the contours of this political prioritization of local economic growth, a geo-economic imperative of 'glurbanization' where cities attempt to insert themselves into the global division of labour.¹

Specifically, the entrepreneurial local mode of governance has been employed to provide an analytical window into one key element of what has been termed, the 'relativization of spatial scale'. This reordering of the socio-spatial relations of capitalism is a consequence of the crisis of Fordism since the early 1970s and the subsequent processes of economic and political restructuring which has taken place under the rubric of post-Fordism. Spatial restructuring has involved a redefinition of the relationship between place-based processes of reterritorialization and capital's propensity to transcend spatial and temporal limitations in the valorization of surplus value. Captured broadly by notions of the

¹G. MacLeod and D. Goodwin, "Space, scale and state strategy: rethinking urban and regional governance" *Progress in Human Geography* 23/4 (1999), p. 520.

global-local dialectic, or 'glocalization', this rescaling of the power geometry of capitalism has deprivileged the national scale as an encompassing spatial fix for the regulation of capital, while simultaneously enhancing both supranational and subnational spaces.

Since the 'state' as a generic form of political governance is essential to the maintenance and reproduction of capitalist accumulation in general, this relativization of scale is articulated with a recomposition of political space. In this regard the entrepreneurial local mode of governance foregrounds contemporary state restructuring at the local level.

In the process of bringing the 'local' into view, this conceptual framework enables us to embed the city and urban spaces in a rescaled framework, where higher state processes and extra-local forces are nested in a relational network of geographical space. The restructuring of urban governance has involved the institutional decomposition of the local state associated with the proliferation of public-private partnerships and collaborative endeavours with civil society actors, an institutional redesign focussed on local economic development and the reconfiguration of formal boundaries of municipal government. The productivist intervention of the local state vis-à-vis economic development has come to mark the contemporary urban terrain, one where the script of globalization is (partly) being written.

Cities as new theatres of accumulation and their local states have therefore come to define a new institutional locus for the elaboration and realization of accumulation strategies.

In the words of Neil Brenner, the urban scale represents one level where efforts to deconstruct inherited scalings of social, economic and political relations are constituted, and where socio-political strategies are forged to 'fix' these relations anew within relatively stable socio-spatial structures. This power to fix social relations defines an urban 'politics

of scale'. The urban scale is thus a site of social contest, where compromises are negotiated and regulated, a socially produced geographical scaffolding where forms of capital are de- and reterritorialized. The discursive narrative of entrepreneurialism is therefore intimately bound up in the construction of the 'local'. In chapter five we saw how efforts to demarcate a local economic space, to define 'Ottawa', have been a key part of the entrepreneurial mode of governance. The city is not only a site of contestation, but something that has to be constructed, "in which the contestation is over the construction, or framing, of the city itself".²

This thesis has shown the emergence and development throughout the 1990s of this entrepreneurialism in Ottawa. Specific place-based narratives of federal government downsizing and the slowdown in the growth of the high-tech sector in the late 1980s became articulated with wider meta-narratives of globalization, triadization and the new knowledge-based economy to create an local policy community coalescing around the issue of economic development. Embodied in the 1992 vision document, *Partners for the Future*, a proactive role for the local state was expressed in the development of an economic growth strategy based on high-tech development and tourism. Institutionally a partnership model was enshrined as a core element of the governance structure, where the region's 'stakeholders' in economic development were coordinated by the Ottawa-Carleton Economic Development Corporation (OCEDCO), later named simply OED.

In chapter five however, the trial and error nature of Ottawa's economic strategy was

²D. Harvey, "Contested cities: Social process and spatial form" in N. Jewson and S. MacGregor (eds) *Transforming Cities: contested governance and new spatial divisions* (London: Routledge, 1997), p. 22.

brought out in a series of 'elite cleavages' which animated the entrepreneurial mode of governance. Ultimately these fissures proved significant enough to prompt a further redesign of the institutional structure of economic development with the creation of The Ottawa Partnership (TOP). This redesign culminated in the publication of a new vision document in 2000, TOP's *Choosing a Future*, which lays out Ottawa's entrepreneurial strategy for the new millennium. *Choosing a Future* envisions a deepening of technopolis growth in Ottawa based on an export-oriented cluster strategy. The final chapter in the rise and fall of Ottawa's former 'chosen vehicle' for economic development is currently being written with the folding of OED into the Ottawa Centre for Research and Innovation (OCRI) expected in April 2001.

Elaborating the creation and development of Ottawa's accumulation strategy has been the relatively unproblematic part of this thesis. More ambiguous however, is what this entrepreneurial repositioning of Ottawa as a 'smart city' means for a wider understanding of urban politics in this region. For most of the decade, Ottawa's entrepreneurial strategy was constructed by a narrow group of local political and economic elites. In his study of Ottawa's 'strategic localism', Jeff Roy for example, had noted the "near complete absence of linkages across the technology sector and the social services community".³ As we saw in the previous chapter however, towards the end of the decade Ottawa's 'universe of political discourse' came to be structured by a wider set of claims than the hitherto narrowly defined interests of local economic development officials and the high-tech sector.

³J. Roy, *Government and Governance in High-Technology Localities: Ottawa-Carleton and Canada's Technology Triangle* (Ottawa: unpublished PhD thesis, School of Public Administration, Carleton University, 1999), p. 91.

Positioning themselves against the restructuring of the Canadian welfare state and the effects that federal and provincial downloading were having on the social service sector and marginalized groups in Ottawa, social activists and community groups began to articulate claims which intersected with the local economic development strategy.

These groups called for both a greater inclusiveness in the local economic policy community, and a broader understanding of what actually constitutes 'economic' development. In essence, organizations such as the Social Planning Council were calling for an integration of social concerns into Ottawa's economic model as they battled rising rates of child poverty, homelessness, youth unemployment and low income incidence. The existence of urban poverty in Ottawa belied the notion that the entrepreneurial accumulation strategy universalized the benefits of economic growth across all groups in the region. In concrete terms, these wider claims have been institutionalized within the local state through the formation of the Poverty Task Force, Community Economic Development Network and a labour force strategy, *Partners for Jobs*.

While an expansion of the local economic development policy community to include a wider array of community representation, and the resulting concrete policy initiatives are a welcome addition to Ottawa's governance structure, it is far from clear whether this has had any impact on the basic tenets of the entrepreneurial strategy per se. Rather than signalling a new found inclusive neo-corporatist urbanism, what the region's labour force strategy may well embody is the reconstruction of the 'social' in entrepreneurial terms, where the alleviation of poverty is principally directed towards reducing welfare case loads through a low-end employment strategy. The cost savings to local government, rather than

any consideration to the type of jobs created by this strategy or the extent to which this employment affords a living wage, may well be the prime motivating factor in reducing the local welfare burden.

Roger Keil's notion of 'dissociation' has been used to further problematize these developments within the entrepreneurial mode of governance.⁴ Dissociation implies that the demands of civil society are disengaged from urban economic development politics and "reconstructed as a realm of secondary relevance to municipal governance".⁵ This issue of dissociation in the Ottawa case would revolve around whether *Partners for Jobs*, for example, is merely an add-on strategy designed to simultaneously coopt a wider set of voices for legitimization purposes, while insulating 'real' economic development policy of high-tech cluster development from popular scrutiny. Or does it indeed represent a genuine attempt to integrate and broaden the notion of economic development in the region? As the previous chapter noted, the relationship between TOP's cluster strategy and *Partners for Jobs* is at best problematic. Kearns and Paddison too question the compatibility between "local democracy, public service improvement and local social-and-economic development agendas".⁶

What this relationship between the cluster strategy and a wider understanding of representation and accountability in the local universe of political discourse points to, is that

⁴R. Keil, "Toronto in the 1990s: Dissociated governance?" *Studies in Political Economy* 56 (1998), p. 151-167.

⁵*Ibid*, p. 152.

⁶A. Kearns and R. Paddison, "New Challenges for Urban Governance" *Urban Studies* 37/5&6 (2000), p. 849.

urban politics in Ottawa is at a very important, but as yet indeterminate conjuncture. Both the economic development structures of TOP, and the institutionalization of community-based claims reflected in *Partners* are in their infancy. The direction of urban politics in the new City of Ottawa is therefore far from being fully articulated, either in terms of an urban progressivism, or a hegemonic neo-liberalism.

On the one hand, in the wider context of North American cities Ottawa remains a place where the socially dysfunctional processes of inner city decay, violence and social polarization are less apparent than elsewhere. The relative absence of these ills of urbanism and the institutional memory and path dependency of Ottawa's progressive urban era has meant that a socially conservative urban regime has not coalesced with an entrepreneurial accumulation strategy. Moreover, despite a discursive repositioning of Ottawa as Canada's high tech capital, it continues to be home to a significant public sector, and as such a middle class base with concerns over collective consumption.⁷ In one sense then, community participation in economic development continues a tradition of public involvement in local state policy in Ottawa.

On the other hand, we have already acknowledged the ambiguities in this newer participatory model of local economic policy. The notion of 'partnership' is a particularly attractive concept since it both diffuses responsibility for success or failure, as well as

⁷The federal sector seems to have recovered from the earlier periods of downsizing, and employment in this sector is stable if not beginning to increase again as the 'baby boomer' generation begins to retire.

conferring a significant degree of legitimacy on the entrepreneurial mode of governance.⁸ As Jewson and MacGregor explain, "a crucial question for the partnership approach is to what extent it can deliver accountability, along with a balancing of efficiency and equity. Without a firm base in democratic principles and practices, partnership could become a system for co-opting institutions into an extended system of repressive control".⁹ An interesting area for future research on Ottawa's local mode of governance would be to focus on the organizational dynamics within and across the newer governance structure associated with TOP, *Partners* etc. Such a study would foreground these issues of accountability and representation.

Reinforcing a more sombre assessment for the direction of urban politics is the unease with which many of the community groups share towards the new delivery model for the City of Ottawa. In the course of the Transition Board's deliberations during 2000 it became clear to the Social Planning Council and its community partners, for example, that the new City was ensconcing an enterprise culture within the formal structures of municipal government. For the community social service sector, already struggling to cope after significant provincial cutbacks in funding for their agencies, the prospect of a lean structure of local government concerned primarily with the bottom line did not augur well for the provision of community services. At the SPC's Community Consultation on Amalgamation

⁸See N. Jewson and S. MacGregor, "Transforming cities: social exclusion and the reinvention of partnership" in Jewson and MacGregor (eds) *Transforming Cities*, p. 1-18; and M. Raco, "Assessing community participation in local economic development - lessons for the new urban policy" *Political Geography* 19 (2000), p. 573-599.

⁹Jewson and MacGregor, "Transforming cities", p. 9.

held during 2000, it was noted that community agencies "must remind decision-makers of the interaction between economic and social development. They must be vigilant in demanding to be 'at the table'".¹⁰ Interesting, many in the voluntary and social service sector saw amalgamation into one city as preferable to the three-city model in terms of the provision of essential services to disadvantaged groups.¹¹ With a disproportionate number of the homeless concentrated in the downtown core, a three-city model would create a greater burden on an already indebted municipality of Ottawa, while the financially sound Kanata/Nepean would be able largely to ignore the problem. In other words, a uni-city model offered an opportunity to lessen the intra-regional differences in social service provision, compared with the suburban municipalities' three-city plan.

The early growing pains of the new City only seem to lend force to a pessimistic assessment.. Dominating the months since the inception of the Transition Board has been a local-provincial spat over the distribution of costs of amalgamation and consequently the ability to fund infrastructure development. The increased share that the new city will have to bear of the \$189m in transition costs, from 25% to 50%, means that Ottawa has been saddled with debt which will lengthen the time it will take for the city to generate the provincially mandated costs savings from three to four years.¹² Presumably hard decisions will have to be undertaken if these savings are to be realized. Moreover, a recent City

¹⁰Social Planning Council of Ottawa-Carleton, *Annual Community Consultation on Municipal Amalgamation: Final Report* (Ottawa, 2000), p. 5.

¹¹Thanks to Caroline Andrew for this interpretation.

¹²C. Wheeler "Ontario to foot half \$189m transition costs" *Ottawa Citizen Online* www.ottawacitizen.com February 8 (2001).

Auditor's report called for the freezing of \$100m in spending this spring in response to the financial predicament of the new city.¹³

Already it is clear that in the face of this fiscal austerity, the local state's priority is the issue of economic infrastructure at the expense of social infrastructure. The new mayor of Ottawa, Bob Chiarelli campaigned in the 2000 municipal elections on a platform of the urgent need for the rapid expansion and investment in physical infrastructure.¹⁴ The high-tech bubble had placed significant demands on the region's transportation systems and availability of serviceable industrial land. Further infrastructure development was therefore seen as necessary to accommodate and sustain future growth. Without funding from either the province or the federal government, Ottawa faces a \$100m shortfall in 2001 and every year for the next two decades based on existing property levels.¹⁵ Furthermore, with the City of Toronto already allotted half of the Province's \$1b available in its SuperBuild Fund, the prospects for provincial funding seem slim.¹⁶

TOP has made a claim for infrastructure investment from higher state tiers from the perspective of the tremendous tax dollars which Ottawa's economic boom has generated for

¹³C. Wheeler, "Freeze in \$100m in spending, city urged" *Ottawa Citizen Online* www.ottawacitizen.com March 21 (2001).

¹⁴M. Adam, "Go-go Chiarelli versus go-slow Cain" *Ottawa Citizen Online* www.ottawacitizen.com September 6 (2000).

¹⁵TOP, *New Infrastructure for Smart Growth: Sustaining Ottawa's Momentum* (Ottawa: 2001), p. 4.

¹⁶M. Curren, "No money left for Ottawa infrastructure" *Ottawa Business Journal* www.ottawabusinessjournal.com March 29 (2001).

both the province and the federal government.¹⁷ For example, the 27,000 jobs created in TOP's export clusters between 1998 and 2000, generated \$272m and \$170m for the federal and provincial government respectively.¹⁸ This argument was also employed at a recent Mayors Forum to argue for a redefinition of the constitutional relationship between municipalities, provinces and the federal government.¹⁹ If the higher tiers of government are unwilling to increase the level of funding for infrastructure and social spending, so it was argued, then give municipalities new powers to raise revenue beyond the property tax function.

The fiscal austerity of the new City of Ottawa, coupled with the prioritization of economic infrastructure development, means that the integration of wider social objectives into Ottawa's economic growth strategy may well prove elusive in the immediate future. If we add to the mix the "appearance that the bloom is off the boom", with local area high-tech giants such as Nortel and JDS Uniphase announcing significant job layoffs in the early months of 2001, then one could say that the trajectory of the entrepreneurial strategy is decidedly uncertain.²⁰ A significant downturn or even recession in the region's economy could reinforce an entrepreneurial strategy based on technopolis development, as local

¹⁷M. Curran, "The business case for infrastructure" *Ottawa Business Journal* www.ottawabusinessjournal.com March 12 (2001).

¹⁸KPMG, *Towards a Partnership to Invest in Economic Growth: Ontario and Federal Government Tax Revenues from the City of Ottawa - Executive Summary* (Ottawa: 2001), p. B-5.

¹⁹C. Wheeler, "Mayors demand 'urban agenda'" *Ottawa Citizen Online* www.ottawacitizen.com February 26 (2001).

²⁰R. Boswell, "Is Boomtown on cusp of a bust" *Ottawa Citizen Online* www.ottawacitizen.com February 16 (2001).

actors argue that more must be done to increase the structural competitiveness of this urban space. This in all likelihood would underline the exclusivity of the local policy milieu, while exacerbating social polarization in the region. A recession could equally prompt a backlash against some of the fundamental elements of entrepreneurialism, with arguments that this model of local development is simply not sustainable. Under this scenario, a more genuine participatory model of governance could emerge.

Highlighting this ambiguity facing cities in the contemporary era, Caroline Andrew suggests that it is both the capacity of the local state, and its porousness to local civil society which will determine whether new innovative political spaces emerge for local action, or whether this reorganization of the local spaces is the result of a wider neo-liberal hegemony.²¹ While she acknowledges that provincial budget cutting is problematic for community groups, and that action at local level has to-date been 'largely' supportive of private business, the restructuring of the local state has opened "up possibilities for a somewhat wider definition of community partnerships".²²

Another scenario, and one which forms the basis of a concluding normative claim for this thesis, is that a 'third way' between the Right's co-optation of the city and an urban Left progressivism will, and should develop.²³ While one might argue that a nascent third way is already present in Ottawa, this urban third way provides one way of thinking through

²¹C. Andrew, "Globalization and Local Action" in T. Thomas (ed) *The Politics of the City: A Canadian Perspective* (Toronto: ITP Nelson, 1997), p. 139-140.

²²*Ibid*, p. 144.

²³R. Keil, "Going Local: The left in the Post-National City, paper presented to the conference *The Left in a Post-it World* (Carleton University, Ottawa: March 10-11, 2000).

a rescripting of the entrepreneurial project, one which is necessary if claims of social justice, equity and sustainability are to be taken seriously.

Most of the urban governance literature which this thesis has drawn on, has shown how contemporary urban spaces have become dominated by a particular group of 'new city users' - global(izing) capital.²⁴ From Erik Swyngedouw's 'new urban authoritarianism', Neil Smith's 'revanchist city' to Roger Keil's 'neoliberal urbanism', a regressive portrait of the urban landscape has been painted which highlights how the new entrepreneurialism has foreclosed political space and accentuated social polarization within the city.²⁵ This hegemony of neoliberalism and its relationship to social conservatism at the local level is of course part of wider trends occurring at all spatial scales. As Brenner explains:

[t]his neoliberal privileging of the productivist moment of state spatial intervention has also entailed a major redefinition of the state's role in mediating sociospatial polarization and in securing social cohesion. As space is mobilized as a productive force primarily in triadic, supranational economic spaces and in core urban regions and industrial growth poles, uneven development and sociospatial polarization are being dramatically intensified on nearly all geographic scales. Whereas the national scale currently remains the most crucial, if destabilized, institutional locus for the regulation of uneven development and for the promotion of social cohesion, these latter aspects of state spatial intervention have been subordinated most

²⁴S. Sassen, "Whose City is It? Globalization and the Formation of New Claims" *Public Culture* 16 (1996), p. 205

²⁵See Keil, "Going local"; N. Smith, "Social Justice and the New American Urbanism. The Revanchist City" in A. Merrifield and E. Swyngedouw (eds) *The Urbanization of Injustice* (NY: New York University Press, 1997), p. 117-136; E. Swyngedouw, "Authoritarian governance, power and the politics of rescaling" *Environment and Planning D: Society and Space* 18 (2000), p. 63-76.

systematically on subnational and supranational scales.²⁶

Like Brenner, Kearns and Forrest foreground a crisis of 'social cohesion' in the city as globalization has significantly altered the matrix of social relations in urban spaces.²⁷ Social cohesion refers to the multifaceted concern with the coherence of spaces vis-à-vis common values and civic culture, social order and control, social solidarity and decreases in wealth disparities, social networks and social capital, territorial belonging and identity.²⁸ Other authors have used notions of 'social justice', 'social sustainability' and 'citizenship' as entry points in interrogating the current hegemony of neoliberalism in urban spaces.²⁹

In Merrifield and Swyngedouw's edited volume the various contributors take as their starting point David Harvey's 1973 work *Social Justice and the City* to examine how different groups and individuals bear different relationships to global flows and how this creates a chasm between 'realities of dissensus' and the 'possibilities of consensus'.³⁰ In Harvey's latest work, *Spaces of Hope*, the author reiterates what he terms a 'spatio-temporal

²⁶N. Brenner, "The urban Question as a Scale Question: Reflections on Henri Lefebvre, Urban Theory and the Politics of Scale" *International Journal of Urban and Regional Research* 24/2 (2000), p. 372.

²⁷A. Kearns and R. Forrest, "Social Cohesion and Multilevel Governance" *Urban Studies* 37/5 (2000), p. 995-1017.

²⁸*Ibid*, p. 996.

²⁹On social justice see Merrifield and Swyngedouw (ed) *The Urbanization of Injustice*. Urban sustainability see M. Polèse and R. Stren (eds) *The Social Sustainability of Cities: Diversity and the Management of Change* (Toronto: University of Toronto Press, 1999). And for discussions on urban citizenship see, J. Holsten and A. Appadurai, "Cities and Citizenship" *Public Culture* 16 (1996), p. 187-204; Sassen, "Whose City is It?"

³⁰A. Merrifield and E. Swyngedouw, "Social Justice and the Urban Experience" in Merrifield and Swyngedouw (eds) *The Urbanization of Injustice*, p. 13.

utopian project' to navigate between globalization and social justice in local spaces.³¹

In less grandiose fashion, Stren and Polèse argue that policies and structures which promote social sustainability will form the basis of a more equitable and less exclusionary urban environment. Policies directed to this end will "seek to bring people together, to weave the various parts of the city into a cohesive whole, and to increase accessibility (spatial and otherwise) to public services and employment, within the framework ideally, of a local governance structure which is democratic, efficient and equitable".³²

If urban politics arguably is a forum where the nexus of global and local is produced, then cities are also becoming crucial "sites for considering the current renegotiations of citizenship".³³ With the rights to the city seemingly dominated by capital, urban citizenship has also come to be defined in entrepreneurial terms. As Osborne and Rose point out, this entrepreneurial redefinition of citizenship involves a civic commitment to economic development and a communitarian emphasis on trust and reciprocity as conditions for local economic health.³⁴ With the formal structures of local government becoming more business-like, this entrepreneurialism is reinforced in the reconceptualization of local residents as 'clients' within a new lexicon of alternative service delivery systems. Yet the city is also a

³¹D. Harvey, *Spaces of Hope* (Berkeley: University of California Press, 2000), p. 191-192.

³²R. Stren and M. Polèse, "Understanding the New Sociocultural Dynamics of Cities: Comparative Urban Policy in a Global Context" in Polèse and Stren (eds) *The Social Sustainability of Cities*, p. 16.

³³Holston and Appadurai, "Cities and Citizenship", p. 188.

³⁴T. Osborne and N. Rose, "Governing Cities: notes on the spatialization of virtue" *Environment and Planning D: Society and Space* 17/6 (1999), p. 756.

space where diverse social groups are present, where multiple identities are constructed and constantly renegotiated. It is therefore necessary to articulate a broader understanding of what constitutes urban citizenship, one which goes beyond a narrow economic understanding. Claims for greater inclusion within the policy process of the local state, the redistribution of urban wealth, greater equality, and the other myriad of other claims made by marginalized groups can therefore provide the basis for a rethinking of citizenship, and as a result, a counterpoint to the hegemonic construction of the city.

So whose city is it anyway? Saskia Sassen problematizes contemporary rights to urban spaces. For global capital at least, the city is a space which:

consists of airports, top level business districts, top of the line hotels and restaurants, a sort of urban glamour zone. On the other hand, there is the difficult task of establishing whether a city that functions as an international business center does in fact recover the costs involved in being such a center. The costs involved in maintaining a state-of-the-art business district and all that it requires, from advanced communications facilities to top level security and 'world class culture'.³⁵

While Sassen's observation is directed at global or world cities, in an urban space lower down the global hierarchy such as Ottawa, capital has also played the dominant role in defining the urban agenda. The entrepreneurial reimagining Ottawa as a 'smart city', 'Silicon Valley North' and various other high-tech monikers masks the diversity and complexity of this urban region. In this regard, a reconfigured social citizenship, concerns over social cohesion, social sustainability and social justice, all point to a necessary rescripting of the

³⁵Sassen, "Whose City Is It?", p. 226.

entrepreneurial narrative that must be put forth if the Left is not to abandon the city entirely.

Keil's notion of an urban third way allows us to problematize a partial rescripting of the hegemonic narrative. It is partial, in that this third way accepts both the power and persuasiveness of the neoliberal urban project, and the relative impotence of the Left's urban progressivism. According to Keil, "the Left seems to have given up on the idea of a universal urbanity as a projection of liberation and seems to have saved itself on individual islands of issue specific urbanism".³⁶ Recalling the discussion in chapter four, the local state has only rarely been the bastion for a radical alternative in Canada. Tindal and Tindal speak to this unfulfilled political role of local government, where a "clear lack of focus on accountability and responsibility relates to one of the most important inadequacies of local government to be highlighted by the pressures of postwar urbanization".³⁷

The third way then, taken from the national third way projects of Britain's Tony Blair and German Chancellor Schroder, posits a renegotiated urban social democracy, where new compromises and collaboration between social groups are articulated. The construction of an endogenous accumulation strategy remains fundamental to the local mode of governance, since it is unlikely that in the foreseeable future that higher state scales will return to the role of ensuring the economic well being of local spaces. The urban growth machine, or urban regime however, will more substantively integrate social and ecological

³⁶Keil, "Going local", p. 26.

³⁷C. Tindal and S. Tindal, *Local Government in Canada* (Toronto: McGraw-Hill Ryerson Ltd, 4th Edition, 1995), p. 80.

modernization into the city's entrepreneurial strategy.³⁸ This social sustainability or smart growth will be facilitated in an institutional structure more inclusive and participatory than in the neoliberal version of entrepreneurialism.

To reformulate this in neo-Gramscian terms, the third way embodies a local hegemonic project based on "a 'negotiated universalism' of democratization, of social justice and urban ecology".³⁹ Since hegemonic projects are very rarely inclusive of all groups in society, there would be some voices that remain marginalized. Moreover, what conditions must exist for this new hegemonic project to come to fruition is another matter. These issues would obviously be contingent from place to place.

It is precisely this contingency which makes the Ottawa case so interesting. Ottawa's local mode of governance is at a point where its cluster strategy, fabricated to build an 'innovation economy', may indeed cohere within some third way hegemonic project. The rhetoric of inclusiveness and community participation is certainly already evident. At the same time, this rhetoric may serve to legitimize an exclusive and dissociated form of urban governance. In the coming years the nature of social contestation and the politics of scale will provide the terrain on which these questions will be answered.

³⁸Imbroscio also envisions a rescripting of local economic development through what he terms a reconstitution of urban regimes designed to increase inclusiveness and alleviate poverty. To this end the author proposes three alternative economic development strategies: Community-based Economic Development, entrepreneurial mercantilism and a municipal enterprise strategy. Ironically, at the end of the book, Imbroscio argues that while each of these strategies can be effective, they are not likely to be feasibly implemented. Feasible or not in the current climate, these counter-imaginings are important in laying the basis for alternative claims. See D. Imbroscio, *Reconstructing City Politics: Alternative Economic Development and Urban Regime* (California: Sage Pub, 1997).

³⁹Keil, "Going local", p. 30.

This thesis has provided one analytical window into urban politics and the local state through the elaboration of the entrepreneurial mode of governance. In doing so several key claims have been made. Firstly, the local state has shifted from a passive approach to economic development associated with the managerial paradigm of governance, to an explicit proactive policy of securing local well being through an endogenous accumulation strategy. Secondly, this functional shift has been mediated by the decomposition of the local state embodied in the shift from government to governance. New actors have entered the domain of the local state, articulated in an horizontal bargaining system of partnerships and collaborative endeavours. Thirdly, tensions within the local mode of governance, particularly the inability of the initially designated metabroker to create coherence, have led to the institutional reformulation of economic governance embodied in TOP. Finally, wider issues of representation and social polarization are implicated in a politics of scale around the construction of Ottawa as an entrepreneurial city.

Taken together, these claims constitute a contribution to our understanding of how higher scaled processes of globalization and state restructuring are affecting local spaces. While research into global cities such as Toronto has clearly demonstrated this relationship between place-based processes and global flows, globalization is also remaking virtually all local spaces in some manner. In the new 'glocal' geography of capitalism, Ottawa's self identified niche is in the advanced technology industries. An examination of Ottawa's repositioning as 'Silicon Valley North' also suggests that urban politics matters, since the local has become a key regulatory coordinate in the overall matrix of capitalism. This thesis also therefore, marks a modest addition to the small, but increasing body of work within

Canadian Political Science and Political Economy which considers local spaces as important analytical and strategic sites for the construction of a progressive politics of scale.

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