

# **Economic Development, Institutions, and Urban Governance in the Region of Ottawa, Canada**

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## **Abstract**

Since the early 1990s, a significant number of public policies have emerged with the desire to promote regions while stimulating the innovation process and networks between businesses and knowledge organizations. This article is rooted in a regional economy approach and contributes to the debate on the processes and mechanisms by which a region develops into an innovative region by looking specifically at the relationships between innovation and the development of institutional capacity and coalitions which operate in the Ottawa region in Canada. More specifically, this paper examines the role of actors in building an institutional infrastructure to support regional innovation, the forms of governance that emerge, and the economic and social challenges facing the growth of Ottawa as an innovative region.

## **1.0 Introduction**

Since the early 1990s, the knowledge economy, with innovation as the key driving force, has become an important feature of the new economic agenda of regions (Cooke et al., 2004; Asheim et al., 2003). Indeed, a significant number of public policies have emerged with the desire to promote regions while stimulating the innovation process and networks between businesses and knowledge organizations such as universities, laboratories and institutes, technological transfer units, business associations, as well as financial agencies. The regions' economic agendas tend to consider the impact of the milieu on their formal and informal activities, transactions and capacity to share knowledge and experience. Regions therefore create the conditions and provide the resources conducive to innovation, which will in turn contribute to the development and growth of the businesses and the region. (Asheim and Gertler, 2005 ; Wolfe and Gertler, 2004).

A review of the recent works on regional development and innovation shows that research identifies themes and discussion that are closely linked by seeking to identify, characterize, and factors that could (or not) explain how a region develop into innovative one. Some of these studies seek a better understanding of the industrial organization and of the technological competitiveness at the regional level, while other investigate the

local and regional governance systems to better understand the plurality of arrangements or coalitions of interests which operated at the regional level.

This article is rooted in a regional economy approach and contributes to the debate on the processes and mechanisms by which a region develops into an innovative region by looking specifically at the relationships between innovation and the development of institutional capacity and coalitions which operate in the Ottawa region in Canada. The first point provides a conceptual discussion on regional strategies to promote technology and knowledge-based development in region. The second point deals with the main characteristics of Ottawa's socio-economic development, and the restructuring process it has followed to become a prime location of economic activity in Canada, which relies on a concentration of dynamics clusters, creative and talented workers, and a knowledge intensive sector. The third point describes the local innovation arrangements and the capacity to build an institutional infrastructure that supports knowledge-based economic development. The fourth point analyzes the new forms of urban governance that have been emerging since the 1990' high-tech boom in Ottawa. The fourth point identifies the economic and social challenges that Ottawa faces as an innovative region. In light of the interrelated development outlined in the article's five sections, the Ottawa case may offer context-specific insight into the institutional capacity and the means of identifying and addressing high-road strategies to promote technology-based economic development in a metropolitan context.

The empirical findings were collected in the context of the ISRN-City-Region initiative project 'Social Dynamics of Economic Performance: Innovation and Creativity in City-Regions'. The ISRN-City-Region initiative project is a five year-study focusing on the social determinants of urban economic performance and is particularly interested in exploring the extent to which social characteristics and processes in city-regions determine their economic vitality and dynamism as centres of innovation and creativity. Three specific dimensions of social dynamics and their relationship to the economic dynamism of city-regions are explored in this project: the social nature of the innovation process, the social foundations of talent attraction and retention, and the degree of community inclusiveness and civic engagement. The project examines 15 case study city-regions in Canada, with both large and small metropolitan areas are included.

## **2.0 High-road strategies to promote technology-based economic development in city-region**

Our observation is that economies have become more unstable, which means that all regions need to adopt strategies to maintain or improve their position, and this, regardless of their level of technological advancement or the sector in which they specialize. Innovation processes necessarily take multiple forms because they are influenced by different historic, economic, and socio-institutional contexts. The same is true for the form of *innovation governance* taken, here defined as the sum of collective actions taken by private and public actors, which affect, directly or not, innovation and learning at the regional level.

When looking back, state intervention increased in post-war period, which favored the creation of policies promoting social equality and territorial equity. This trend, however, was reversed in the post-Fordist transition that began in the 1970s. The liberalization of trade and increased investment mobility, which characterized the Fordist era, resulted in a decrease of economic and social state intervention.

In this period, many invested in public services and social services. They also implemented policies aimed at promoting economic growth in disadvantaged regions, such as plans to improve infrastructure, business subsidies, and labor training. These interventions were often influenced by the “growth poles” model (Higgins and Savoie, 1988). For example, in the 1970s, the government of Canada adopted policies to minimize regional economic disparity and was especially active in that domain (Hamel and Klein, 1996). Many ambitious programs took shape in those years. Consistent with the Fordist assumptions of the time, much of the efforts were aimed at attracting manufacturing industries, mostly branches of foreign firms. Regional development policies were therefore conforming to the homogenizing tendencies of state intervention of the Fordist era.

In the 80s and 90s, Canada was also taken by the global neo-liberal tide that limited state intervention, especially in the economic sphere. The scope of regional policies was reduced with the spending cuts that marked this period (Coffey et Polèse, 1987; Jessop, 2002; MacLoed, 2000). The neo-liberal ideology legitimized trade, especially at the international level, and reduced the capacity of individual states to stimulate their national economy, and to intervene in disadvantaged regions (Klein, 1998).

It has thus become more difficult for governments to intervene at the regional level. This is also due to the failures of previous efforts to boost regional economies. Indeed, despite two decades of costly efforts, the economic outlook of disadvantaged regions has remained bleak (Courchene, 1978; Matthews, 1983). Past governmental efforts often brought a temporary boost to the economy due to the investments’ immediate multiplying effects; but they seldom led to long-term structural transformations of regional economies. Moreover, increased international competition means that states rely on their most appealing regions to attract investors, which impedes efforts to attract investment in disadvantaged regions. This competition was further increased by the reorganization of the transportation sector, which has diminished distance costs and modified the geography of economic exchanges, and because of the international agreements that reduced tariff barriers for international trade.

The stable and regulated exchange networks of the Fordist era have vanished and regions now confront increasingly fierce international competition. In a globalizing world, regional economies have become vulnerable because of the constant risk of having better and cheaper foreign goods flood the market. Regions are thus forced to innovate and create new products and services or improve and reduce the costs of existing ones. Accordingly, local actors must develop strategies to make their regions competitive. Hence we can witness a variety of processes leading to innovation (Polèse and Shearmur, 2002). Each regional strategy reflects local characteristics: the history, the economic

structure, the level of urbanization, the economic stratification of the population, the institutions, and the individuals and groups in power. Some distinct regional features also become part of the strategy to increase competitiveness (Jessop, 2002; Maskell et al, 1998).

The state-region relation is affected by the lack of resources that governments allocate for regional development. Rather than imposing standardized programs as they did in the past, governments, in some cases, establish partnerships with local actors. By doing so, they will assure that the amount of resources invested in regional economies, however small it may be, will at least respect regional diversity and the priorities set locally (Pomerleau et Bellay, 2000; Storper et Salais, 1997).

As such, governments should take the responsibility of creating favorable conditions for regional economic development (Maillat and Kébir, 2001). These favorable conditions generally include elements considered to be favorable for territorial competitiveness. It is possible, for example, to create favorable conditions that include infrastructure offer, fiscal matters, or social costs. Some of these conditions are defined at the national level (regulation, judicial system, security, civil code, etc.) while others are defined at the regional and local level (development and maintenance of specific resources, activation of the learning process, maintenance and improvement of the accessibility of the systems of production, etc.) (Maillat and Kébir, 2001).

Another important governmental function is to encourage community awareness among actors and to establish collective practices and representation for economic and technological regional development (Asheim et al., 2003). The goal being to accurately identify the elements of innovation systems already present in the territories, and, based on these, to develop realistic development strategies and build partnerships between the relevant actors, both private and public. By taking into account the innovation strengths and weaknesses of each territory, governmental bodies can adjust their instruments, orientations and development strategies to the specific circumstances.

Since the economic and institutional settings differ from one region to another, regions need to create conditions that will be conducive to competitiveness and innovativeness. Among these conditions, we note the importance of infrastructure, specialized services, and living conditions that will facilitate the recruitment of a qualified and creative workforce (Florida, 2002). Although every region desires to be creative and innovative, not all regions succeed. Metropolitan areas are known to be more suitable for innovation and technological improvement than non-metropolitan areas because the economies of these regions have many advantages, notably, universities, a developed knowledge support system, and many innovative businesses, manufacturing and services, all of which contribute to functioning clusters and innovative system (Wolfe and Gertler, 2004).

The innovative regions approach is a significant progress in terms of public policy aimed at structural change and long-term regional economic development. This approach acknowledges the importance of developing the information economy, and recognizes the

imperative of lifestyles and amenities to attract the creative workforce of the new economy (Malecki, 2007: 642). This approach indeed breaks with past policies, notably with sectorial policies that disregarded the technological environment. As a result, regions that fare best are those which have invested in their economic, social, and cultural development, and those which favor the development of a knowledge economy and knowledge activities by strengthening their institutional bases (Asheim and Gertler, 2005; Cooke *et al.*, 2004).

Florida (2000) has noted that certain elements must be present for regions to become innovative (figure 1). They must have a productive infrastructure consisting of a network of innovative businesses; a human infrastructure consisting of a pool of skilled workers from which firms draw knowledge workers; a physical and communications infrastructure which allows skilled workers to put in practice their knowledge of new production methods; and a governance system which is responsible for defining the general economic, social, political, and cultural conditions, the rules of the game; and which is responsible for the establishment of formal and informal collaborations between the different economic and institutional actors of the region.

We must emphasize that the development trajectories or the means that regions choose to adapt to the new knowledge-based economy varies from region to region. This is because regions have different levels of development, different levels of complexity with different problems, and thus do not evolve at the same pace (Doloreux *et al.*, 2007; Cooke *et al.*, 2004). This paper uses the case of Ottawa to examine the role of actors in building an institutional infrastructure to support regional innovation, the forms of governance that emerge, and the economic and social challenges facing the growth of Ottawa as an innovative region.

The next section presents the main characteristics in socio-economic development in Ottawa.

**Table 1. From mass production to learning region**

Basis of competitiveness	Mass-production region	Learning region
	Comparative advantage based on:	Sustainable advantage based on:
	<ul style="list-style-type: none"> <li>• Natural resources</li> <li>• Physical labour</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge creation</li> <li>• Continuous improvement</li> </ul>
Production system	Mass production <ul style="list-style-type: none"> <li>• Physical labour as source of value</li> <li>• Separation of innovation and production</li> </ul>	Knowledge-based production <ul style="list-style-type: none"> <li>• Continuous creation</li> <li>• Knowledge as source of value</li> <li>• Synthesis of innovation and production</li> </ul>
Manufacturing infrastructure	Arm's-length supplier relations	Firm networks and supplier systems as sources of innovation
Human infrastructure	<ul style="list-style-type: none"> <li>• Low-skill, low-cost labour</li> <li>• Taylorist workforce</li> <li>• Taylorist education and training</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge workers</li> <li>• Continuous improvement of human resources</li> <li>• Continuous education and training</li> </ul>
Physical and communication infrastructure	Domestically oriented physical infrastructure	<ul style="list-style-type: none"> <li>• Globally oriented physical and communication infrastructure</li> <li>• Electronic data exchange</li> </ul>
Industrial governance system	<ul style="list-style-type: none"> <li>• Adversarial relationships</li> <li>• Command and control regulatory framework</li> </ul>	<ul style="list-style-type: none"> <li>• Mutually dependent relationships</li> <li>• Network organization</li> <li>• Flexible regulatory framework</li> </ul>

Source: Florida (2000).

### 3. Ottawa: introduction to its city-region and its economy

Ottawa city is the national capital of Canada, located in the south-eastern part of the province of Ontario. With 812,129 million inhabitants, it is the fourth largest city in Canada. If we include the fringe area of the Ottawa-Gatineau region, the population reaches 1.1 million. The city accounts for 2.6 per cent of the Canadian population and its average population growth since 2001 is 5.9 per cent. In the past years, the economy of the Ottawa region has grown steadily at an above-average rate, and the region has also benefited from low rates of unemployment. At the end of 2006, Ottawa had over 29,000 enterprises and 631,000 workers (OCRI, 2007). Currently, regional employment is largely concentrated in business services, public administration, and educational and health services. The region has a high proportion of research-intensive employment, with 25.9 per cent of the workforce having a BA degree or higher (compared to 15.4 per cent for the national average).

Table 2. Main economic indicators

	Ottawa-Gatineau Region	Canada
Population, 2006	812,129	31,612,895
2001 to 2006 population change (%)	5.9	5.4
Foreign born (%), 2006	17.4%	18.2%
Employment rate (%), 2006	66.5%	61.5%
Unemployment rate	5.6	7.4
% BA degree or higher	25.9%	15.4%
Employment structure, 2006	<b>585,930</b>	<b>15,576,560</b>
Agriculture and other resource-based industries	1.1%	5.5%
Manufacturing and construction industries	12.2%	19.6%
Wholesale and retail trade	12.4%	15.7%
Finance and real estate	4.9%	5.7%
Health and education	15.8%	16.3%
Business services	22.1%	17.9%
Other services	31.4%	19.3%
Number of establishments, 2005	29,486	1,048,286
Establishments in knowledge-based industries	1,803	--

In the past years, Ottawa's economic development has not experienced the same pattern of urban and economic growth as other cities in Ontario (Gskarzyn, 1998). Firstly, Ottawa did not develop a significant manufacturing base. Without a strong manufacturing base and because of its economic specialisation in the federal government sector, Ottawa has not been vulnerable to fluctuations in the business cycle and to changes occurring in others cities around major centres like Toronto or Montreal (Leibovitz, 2001). Secondly, being the national capital, Ottawa has had a complete competitive advantage in the federal government sector, and, as a result, most of the growth occurred in this sector, particularly after the Second World War (Gskarzyn, 1998).

As the federal sector grew, especially during the 1960s and 1970s, Ottawa experienced its first growth phase: between 1970 and 1975, federal employment increased by 55 per cent with 31,600 jobs created (Leibovitz, 2001). At the same time, Ottawa's population also increased rapidly and residential development in the suburbs accelerated. Ottawa's economic reach also expanded beyond its regional boundaries to encompass the Gatineau region on the Quebec side.

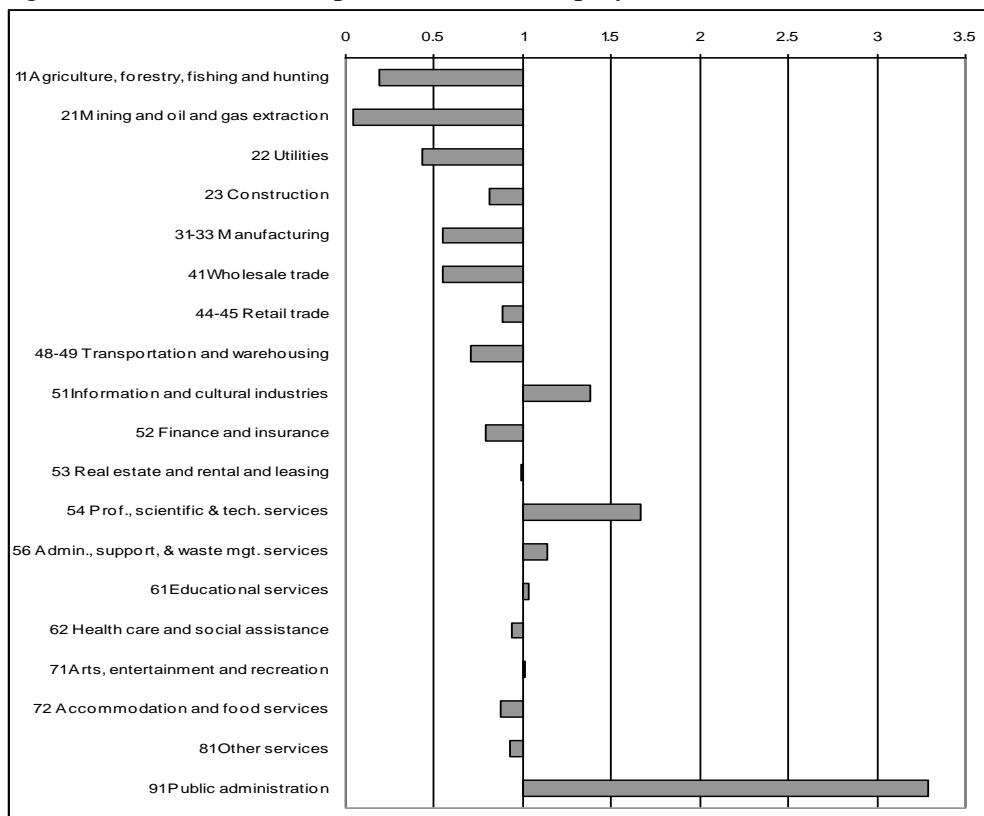
The rise of Ottawa's high-technology sector in the 60s and 70s is especially interesting given that, prior to this time; the region did not have the reputation of being an established industrial centre (Steed and DeGenova, 1983). Because of the federal government demand for goods and services, the local economy developed a large employment base in business services. Moreover, the high-technology sector has grown significantly in recent years, and it has become an important player in the export industry. Since the 1990s, Ottawa has experienced a rapid and significant increase in industrial

activity, and new islands of economic growth have developed, particularly in so-called knowledge-intensives and innovation-driven activities.

Today, Ottawa counts over 1,800 technology companies and 79,000 workers – figures that have been increasing since the 1990s (OCRI, 2007). The industrial structure of Ottawa shows a clear clustering of firms. The software industry accounts for about 20 per cent of the employment in Ottawa, making it the largest cluster in the city, followed by telecommunications (15.0 per cent of high tech workers), microelectronics, and photonic clusters (both with 7.0 per cent). The high-tech sectors are dominated by small firms, with 84.0 per cent of companies employing fewer than 50 employees, and about 50 firms employing more than 500 employees, including major employers such as Nortel, Bell Canada, Convergys, Calian Technologies LTD, and CGI (OCRI, 2007).

Similarly, in 2006, the location quotient, that is, the industry’s share of regional employment over the industry’s share of national employment, was higher than (the) one in the cultural and information industry (1.38), in professional and scientific services (1.66) or in public administration (3.28) (see Figure 1). Consequently, in Ottawa these sectors employed a greater share of the regional workforce that they did nationally.

Figure 1. Industrial specialization – Employment (Location Quotient)





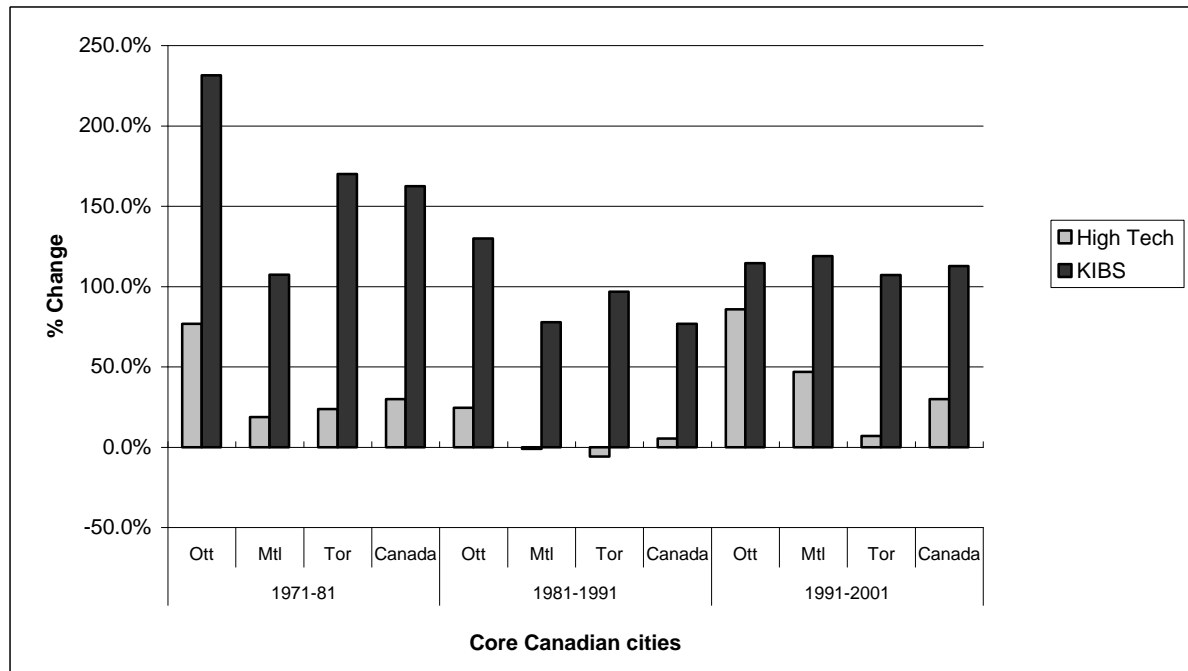
**Table 3. High-Tech and KIBS employment in Ottawa, 2006**

<b>Industry</b>	<b>Employment</b>	<b>% of total employment in Ottawa</b>
<i>High-tech manufacturing</i>	22255	4.0
3254 Pharmaceutical and Medicine Manufacturing	280	0.0
3364 Aerospace Product and Parts Manufacturing	425	0.1
334 Computer and Electronic Product Manufacturing	14250	2.5
335 Electrical Equipment, Appliance and Component Manufacturing	7300	1.3
<i>Knowledge intensive business services</i>	63585	11.3
5112 Software publishers	3150	0.6
5133 Telecommunications	8365	1.5
5141 Information services	2975	0.5
5142 Data processing services	525	0.1
5413 Architectural engineering and related services	6430	1.1
5414 Specialized design services	1795	0.3
5415 Computer systems design and related services	20335	3.6
5416 Management scientific and technical consulting services	7920	1.4
5417 Scientific research and development services	8870	1.6
5419 Other professional scientific and technical services	3220	0.6

Table 3 depicts sectoral differentiation of the knowledge-intensive sector in the region. KIBS firms are strongly represented in Ottawa and account for 11.3 per cent of the total regional workforce, whereas high-tech manufacturing accounts for 4.0 per cent. The share of KIBS employment in 2006 is three times the average of the high-tech manufacturing employment share. There is a high concentration of employment in computer systems design and related services, and in computer and electronics product manufacturing. Ottawa has a strong position in the ICT industry, electronics, and semiconductors; additionally there has been a significant growth lately in optoelectronic and life-science activities. These sectors have high growth rates and have developed in clusters of more than 1,000 employees.

Figure 2 provides an overview of the growth in knowledge-intensive employment in Ottawa using comparable annual-employment data from 1971 to 2001. This period covers the peak of the late 1990s ‘dot.com’ boom and the subsequent business recession. We can observe that KIBS employment in Ottawa has been the most dynamic component of regional employment growth. In a regional comparative perspective, the growth of KIBS as well as high-tech manufacturing in Ottawa since 1971 exceeds the value of Montreal and Toronto – as well as the national average. In Ottawa, the growth of KIBS firms since the 1980s has been driven by public-sector privatization and restructuring as well as regional-economy restructuring.

Figure 2. High-tech and KIBS employment change in Ottawa, 1971-1981; 1981-1991; 1991-2001



### 5. The strong institutional presence in Ottawa.

Describing the institutional presence in Ottawa needs to begin with the Second World War, despite Ottawa being chosen as the capital, and the seat of government, in 1857. In the commemoration of the 150<sup>th</sup> anniversary of the choice of Ottawa, it was noted that in 1857, Ottawa with a population of approximately 12,000 was entirely based on the lumber industry. But almost immediately after the decision to name Ottawa the Parliament buildings began to be built and the federal government began to mark the institutional presence of Ottawa (Reference). However, the federal government remained a small organisation until the Second World War. The federal bureaucracy grew very rapidly during the war and, as Nicole Morgan has shown, it did not decrease afterwards but rather continued to grow. The region, which had been dominated by the forests in the nineteenth century, was now increasingly dominated by offices and desks – with computers to come. The federal government drove out some of the markers of the forest period, although the lumber industries remained located across the river from the Parliament Buildings until recent times, albeit increasingly decried as being unseemly so near the seat of government.

As authors have shown, legislation on the introduction of merit principles within the civil service in the early twentieth century had helped to create a federal bureaucracy more masculine and more anglophone than the earlier structure, as increasingly formal educational criteria replaced the more informal and more politically oriented recruitment patterns of the nineteenth century. Women were obliged to retire from the civil service upon marriage. The federal government was not only a sector of growing employment for the region; it also promoted a new model or organization which could be thought of as

the knowledge-based economy of its time. This model of work organization profoundly influenced the social and political environment, without entirely eliminating the pre-government period, in the same way that the high tech knowledge workers of today are shaping the social and political environment of Ottawa.

Given the criteria for federal employment, it is not surprising that the institutional presence was more profitable to the anglophone community on the Ontario side of the river. The Québec side of the river and the Outaouais working class enjoyed fewer benefits from the federal presence and this remained a sore point with the local francophone elites. By the late 1960's with the "modernization" of Québec (through the Quiet Revolution) and the development of a strong political movement calling for Québec independence, the federal Prime Minister of the time, Pierre Elliott Trudeau, decided to reinforce the federal institutional presence on the Québec side of the river. This was done both symbolically (getting the provincial prime ministers in 1968 to agree to a declaration making the National Capital Region include both the Ontario and Québec sides) and literally (expropriating residential property to build federal government office buildings in the downtown core). The federal institutional strengthening led to the Québec government also expropriating property to build a Québec government building in much the same area of the downtown core. There were citizen protests against the expropriations and they led to better conditions for those expropriated but they did not prevent the expropriations (Andrew).

The post-war period also saw the period of greatest influence of the federal agency responsible for the region, the National Capital Commission (NCC). The NCC plan in the capital in the immediate post-war period was prepared by the well-known French planner, Jacques Gréber, and involved removing the trains from the centre of Ottawa and laying out a plan for the region which centred on the Parliament buildings, developing a greenbelt on the Ontario side to contain urban development (which it did not) and developing the Gatineau Park on the Québec side for the recreational activities of the federal civil service and for tourists.

The NCC's planning heyday continued until the creation of regional governments on both sides of the river with responsibilities for planning. At this point the visions came into sharp contrast and the regional governments won the day. The NCC plan wanted to develop the east (more francophone) on the Ontario side and the west (more anglophone) to create a balanced bilingual capital region of the Trudeau mythology. Both regional governments wanted to support the existing patterns of development, to the west in Ottawa and to the east in Gatineau. They won perhaps because it is easier to plan for the continuation of private development trends but also they had the legitimacy of being mandated by the provincial governments and being responsible to the local electorate, with links to the community groups.

The regional governments were created in the early 70's as part of a Canada-wide trend, triggered by what seemed to be the very positive results of the creation of Metro Toronto in 1954. Regional governments were created because it was assumed that they would encourage economic development (providing better infrastructure for economic growth,

having greater capacity to borrow for infrastructure development) and the fact that Toronto surpassed Montréal as the largest and wealthiest Canadian city after the creation of Metro Toronto reinforced the positive view of regionalization. The creation of the Regional Municipality of Ottawa-Carleton was the second regional government in Ontario (to be followed by relatively similar structures in all the large Ontario cities), created in 1971. Québec followed, creating the Outaouais Regional Community (Communauté régionale de l'Outaouais) in 1972 with a dual mandate; to be a regional government promoting economic development and to act as a Québec government presence vis-à-vis the National Capital Commission. This dual mandate posed problems as the territory needed to reproduce the NCC boundaries on the Québec side of the river included large amounts of rural territory and the attempts to reconcile the interests of the urban core and the very rural parts of the CRO not surprisingly produced a regional economic development capacity that took a very long time to show signs of success.

The institutional presence at the local level has had one further phase, with the amalgamation of Ottawa and of Gatineau at the beginning of the twenty-first century. But we will come back to this story as it is in a sense an anomaly, taking place in the era of downsizing government and of reducing the institutional presence in the region. The municipal amalgamations can and have been interpreted both as part of the reduction of the presence of a strong public institutional presence (downloading to the local as part of neo-Liberalism) and as a different sort of potentially active institutional presence. However, to better interpret these institutions, we need to understand the federal downsizing and the development of the high tech private sector. These two related patterns have led to new forms of governance for the region.

## **6.0 Tracing the development of associative modes of governance in Ottawa.**

The history of high tech development in Ottawa has been told before – with the heroes well defined. What is clear is that the development of the high tech sector was connected to federal decisions to privatize sectors of its communications technology. This, along with the presence of some entrepreneurs and some people who played important bridging roles led to the high tech boom (more here).

This period led to major shifts in the region, both symbolically, economically and in terms of governance. The economic development in the high tech sector soared. Employment figures were calculated as greater than those for the federal government and the municipal and high tech elite joined forces to argue that Ottawa was no longer a government town, but a high tech town. The fact that municipal Ottawa had always felt patronized by federal Ottawa undoubtedly explains some of the enthusiasm for the end of the government town discourse but also municipal elites, in Ottawa as elsewhere, tended to come from the local business sector more than from federal employment.

During this development of the private sector and downsizing of the federal level, new modes of governance came into being. The flagship for the region in this regard was OCRI, first called the Ottawa-Carleton Research Institute and now the Ottawa Centre for Research and Innovation. The brain-child of the then Chair of the Regional Municipality,

OCRI was set up without any direct involvement from the Regional Municipality of Ottawa-Carleton. The sense of ownership had to belong to the high tech sector if OCRI were to succeed. It describes itself as “Ottawa’s leading member-based economic development corporation for fostering the advancement of the region’s globally competitive knowledge-based institutions and industries.” (Website, 2007) OCRI rapidly helped establish a number of chairs, held endless networking breakfasts and established itself as a place to be and a maker of crucial connections. It was clearly a prime example of the strength of weak links.

Over the years, OCRI has broadened still further its activities and has become heavily involved in the education sector. It runs Volunteers in Education, a program for helping teachers in the classrooms, particularly by reading to young new Canadians who lack reading skills in English and/or French. It also gives prizes, and hosts a prize-giving dinner (Edugala) to celebrate gifted teachers in the Ottawa area. It is a knowledge broker and a knowledge translator, interested in promoting high tech development with strong connections to the post-secondary and post-doctoral level but also building the base by developing the capacity of the elementary and secondary education system to meet the challenge of the knowledge-based society.

Another example of association governance was The Ottawa Partnership, or TOP. It was co-chaired by a high tech leader and the Rector of the University of Ottawa. TOP hired an American team of consultants to work with the community to establish economic development strategies for the clusters that were seen to have development potential in the region. Most of the clusters revolved around the high tech sector, and the life sciences sector, but tourism was also a cluster, although it had great difficulty bringing together the large and small actors of the tourism sector. TOP was clearly an associative governance model, having representations from the high tech sector, but also from governments, universities and the community colleges. The chief staff person was from the Regional Government and he worked closely with the consultants. This was the high point of the imagery about the region no longer being a government town and even the discourse of a more balanced development with government and the private sector was abandoned in favour of the triumph of the private sector.

However, the official symbolism fell flat. TOP had hired consultants to come up with a branding slogan for the Region and the result was launched at a huge breakfast of regional elites. “Technically beautiful” was the branding, supposed to link nature and high tech but it was met with amusement or dismay and was rapidly buried.

In 2001, the high tech downtown occurred (Frenette, “Life after high tech”) and TOP became quiescent, as the private sector representatives were far too busy with their own difficulties to spend time on regional governance. This downtown led to the creation of another example of associative governance, doing training and adjustment work attempting to place high tech workers who had lost their jobs. This was called the Ottawa Talent Initiative (OTI) and was organized by unemployed high tech workers, plus representations of federal and provincial government departments and community organizations.

The downtown also led to the project Talent Works, described as “a community-based initiative building Ottawa’s talent pool by providing strategic, integrated support to targeted sectors” (Website, 2007). Managed by OCRI, Talent Works was also linked to TOP. Beginning in 2002, researchers from the Centre on Governance at the University of Ottawa produced a series of reports analyzing the workforce and workforce environment of Ottawa.

One must also place in this story the election of the Harris government with a clear mandate to downsize the public sector. What the government also did, although without any electoral mandate, was to push through the amalgamation of Metro Toronto and then other Ontario regional municipalities, including Ottawa-Carleton. Although the exact combination of reasons for the amalgamations has not been clear to academic observers (Refs), it does appear that the Harris government felt amalgamated municipalities could lead to reduced activity at the municipal level. In the Ottawa case this was illustrated by the fact that the Transition team in Ottawa was headed up by a close political ally of Harris and an ex-municipal councillor of Ottawa, Claude Bennett. He began his transition activities by declaring at a public meeting that if an activity was in the yellow pages, it shouldn’t be part of municipal government. But in fact the transition team ran out of time to do any major transformation of the local institutional structure or the local political culture. What one might call the traditional patterns of Ottawa politics – full time councillors, representation of citizen groups and an emerging representation of recent immigrant groups and of youth were included in the new City of Ottawa.

However, what the amalgamation did do was to increase political conflict among the electorate. Harris had argued for amalgamation on the grounds that it would cut costs and half the electorate was therefore expecting lower taxes. The other half was fearing cuts in services, being aware that, as such, amalgamation would not lower costs unless services were cut. The Regional Municipality of Ottawa-Carleton was already spending 85% of all public expenditure in the region before amalgamation and it would be simply continuing its activities as the new City of Ottawa. Since amalgamation there have been a series of budget crises and an increasingly polarized electorate lines up to protest either tax levels or service cuts. The municipal election results of 2006 illustrated the geography of the polarized electorate. Larry O’Brien won the election with his promise not to increase taxes for his 4 year term, coupled with his vague assurances that nothing of any importance would be cut, only the “fat”. O’Brien won all the suburban polls, except the home base poll of Alex Munter, and Munter, the centre-left candidate, took the polls in the urban core. The residents of the core tend to be those that value public (the very poor and the gentrified) while the suburban residents are more preoccupied by tax levels. The provincial and federal election results also demonstrate the political splits in the region, with the western parts of Ottawa which are the location of much of the high tech sector voting more for Conservative representatives while the eastern sectors (more francophone, more government employment) voting Liberal. These divisions demonstrate the impact of the private sector development and the diversification of the economic base of Ottawa on its political and social profile.

The other transformative element in the development of Ottawa is the rapidly growing ethno-racial diversity, linked to recent immigration. Ottawa is now third city in Canada in terms of very recent immigration, following of course Toronto and Vancouver. Given the very white base of the traditional population, the recent immigration is visible, but at the same time it is clear that it is not equally visible to everyone and certainly not to all institutions.

Ottawa finds itself, similar to other parts of Canada, in the situation of attracting highly educated immigrants who then cannot find employment in their sector or, often, do not find employment at all. This situation did finally lead to what is our last example of associative governance; the partnership between the United Way, the City of Ottawa, LASI World Skills in a project (funded by the Ontario government) called Hire Immigrants Ottawa. This also includes a Council of Champions made up of employers in the region, both private and public sector, who are supposed to be collectively agreeing to do better in employment practices. Again, as with OCRI, the attempt has been to allow employers (in this case both private and public) to take ownership in a model that is clearly one of governance.

The development of these models of associative governance relates both to government downsizing, to a more active presence of the private sector in the region and to changing views about the nature and source of leadership. These models all build on the view that collective leadership must come from a broad base of actors who feel they have ownership of the issue. These early models also share the characteristic of including basically the traditional actors of local politics – business leaders, government leaders, sometimes heads of post-secondary educational institutions, sometimes representatives of the major charitable organizations. They are inclusive, of the included and not of the marginalized. Indeed, the patterns of recent economic development have everywhere increased the polarization between the rich and the poor, the included and the excluded, and Ottawa is no exception. Ottawa remains a relatively well off community but the poor and the marginalized have increased noticeably. The Community Foundation's annual report on community well-being Vital Signs highlighted the increased poverty in Ottawa in its 2007 report. "Ottawa is a prosperous city, with its residents earning one of the highest income levels in the country. However, the gap between rich and poor continues to grow and almost one in every five families lives below the poverty line" (Vital Signs, p. 7).

We will look now at the social and economic polarization in Ottawa, particularly focusing on the efforts of the excluded to challenge their exclusion.

## **7.0 Economic and social challenges facing the growth of Ottawa**

Ample literature exists demonstrating the relationship between social cohesion and economic development. In the American case, Clarence Stone has argued for the interest of understanding how, and in what circumstances, representations of groups not part of the traditional elites find their way into the governance system. As Stone argues, that

they are not always there is clear, what is interesting is that they have sometimes got a foot in the door. This is what we want to examine for Ottawa.

But first a better idea of who are the marginalized at the present time in Ottawa and where are they located?

There are a variety of groups over represented among the poor in Ottawa, and among them are recent immigrants, Aboriginals, elderly females and young female single-parents. Several neighbourhoods have high numbers of the poor, including the traditional core neighbourhoods of Vanier and Lower Town but also the old inner suburbs (more here – sources: United Way and City of Ottawa) And indeed, one must be careful not to over generalize with these categories. For example, the rapidly growing although still small Aboriginal population is somewhat bifurcated, some people with well paid employment with the federal government, and others among the poorest. Equally so, there are great variations among the different recent immigrant communities. In the case of the Black community and the Somali community the high levels of employment continue into the second generation, brought up and educated in Canada. Recent studies indicate (more here and references).

Not surprisingly, gender also factors into the question of exclusion. The income levels of immigrant women are, for the most part, below those of immigrant men and Canadian-born women and therefore communities, like the Somali community, where female-led households are numerous, have particularly low income levels. The City of Ottawa, owing to federal and provincial downloading of responsibility for social housing, has a severe shortage of social housing and therefore the poorest and most marginalized groups in the population are pushed into the poorest neighbourhoods, where rents are low. This has been true for Vanier which has seen an influx of the extremely marginalized and both Vanier and Lower Town have seen residents protesting the entrance of drug dealers and prostitutes. Some of these protestors are the long time residents of the neighbourhoods and some of them are more recent gentrifiers interested in promoting the gentrification of the inner-city neighbourhoods.

### **7.1 The Community Resource and Health Centres: speaking for the marginalized**

One of the sets of actors in Ottawa politics that does speak for the marginalized groups is the network of Community Resource and Health Centres. These are institutions that bring together the delivery of social services and community development funded by the city, house many city-wide programs in the social service area, do programming related to the specific character of their neighbourhood and, in the case of about half of them, deliver front-line health services funded by the province. These centres had diverse origins, then became part of the City of Ottawa administrative structure and were “communitized” or privatized in the 1970’s by the City, in part to move them outside the City’s unionized labour force and in part to build ownership by the neighbourhoods. They are all governed by boards, made up largely of local residents and with their core staff funded by the city, the health component funded by the province and the special programming project funded by a variety of services; the United Way, the provincial



Trillium Foundation, the City of Ottawa and various departments of the federal and provincial governments.

Their quasi-autonomous status in relation to the City has put them at a distance from the City but also given them the freedom to lobby publicly. It has also given them wide support in their local communities and even those in areas with extremely conservative municipal councillors enjoy strong support from their local elected representatives. They do act collectively and to bring the voice of the marginalized to City Hall, arguing for more and better social policies at the municipal level. Those in strongly immigrant areas have done considerable culturally sensitive programming.

One recent example of their capacity to mobilize was in reaction to the municipal council's decision to immediately stop the existing safe injection site (? – details of program to clarify) program. The mayor, who has made a number of highly derogatory public statements about this kind of program and its clientele, rallied a majority of the council to cut the program. Very rapidly the Community Resource and Health Centres replied reminding the City that the program was actually a partnership between the City and themselves and that therefore the City could not simply unilaterally terminate the program. Further they announced that they would fund the program for 6 months, in the hopes of being able to find new financial partners. They did this based on their strong view that this was one component of an overall plan to deal with the drug situation in Ottawa in a progressive way, not simply by cutting off treatment. Some of the City councillors went so far as to threaten the Community Resource and Health Centres with cuts to their funding but this was generally regarded by the media and by most observers as inappropriate (and certainly as not understanding governance).

## **7.2 Immigrant Voices and City Services**

Ottawa has been somewhat unusual among Canadian cities in having a high degree of institutionalized coordination among the immigrant service agencies. They formed a coalition, LASI (Local Agencies Serving Immigrants) bringing together all the Immigrant Serving Agencies. Collectively they created LASI World Skills, a spin-off organization concerned with the training and placement of immigrants. This coordination has been one reason that these organizations have played important roles in working with immigrant communities to connect to the institutions of the host society. They have been the bridging social capital institution of Robert Putnam. The members of LASI are the Catholic Immigration Centre (CIC), Ottawa Community Immigrant Services Organization (OCISO), Immigrant Women Services Ottawa (IWSO), Jewish Family Services (JFS), Lebanese and Arab Social Services Agency (LASSA), Ottawa Chinese Community Service Centre (OCCSC) and the francophone agency, the Conseil économique et social d'Ottawa-Carleton (CESOC).

There have been a variety of mobilizations around the adapting of urban services to better serve the need of immigrant and visible minorities in the City of Ottawa for a number of years. Early activity took place in the Public Health field, along with the Police and with the City's employment assistance programs. The election of the Harris government led to

important cuts to existing City programming and certainly put a freeze on municipal will to do active and visible equity programming (Kerisit and Andrew). In more recent years a coalition of immigrant community leaders was formed, as COMPAC, and has done a lot of work with the Ottawa Police, pressuring them to better integrate diversity. A sign of success was the most recent entry class where the vast majority were of immigrant and visible minority origin, Aboriginal, women – something other than the classic white Canadian-born male.

In the last few years there has been growing organization around the issues of immigrant and visible minority representation in the City and the adaptation of services to better reflect the changing demography of Ottawa. This has taken a number of forms. A series of round tables was organized by a coalition of immigrant serving agencies, the federal government Metropolis project and the local universities (Note: It should be noted that one of the co-authors, C. Andrew, has been one of the co-organizers of these round tables and this should be taken into account in the interpretation). These round tables covered a dozen areas of municipal policy and presented a variety of perspectives on what the City was doing, could do, what other cities were doing and what were the existing gaps in services. These round tables were intended to do two things; create a more mobilized community sensitized to the potential importance of municipal policy for the successful integration of immigrants and, secondly, to put pressure on the City of Ottawa. The round tables ended in a community forum which expressed enthusiastic willingness to work with the City to transform city services in line with the transformed demography of the City.

Some of the same actors, plus others, are also working with the United Way to try to realign its funding practices with current Ottawa reality. Some of the Canadian United Ways, Toronto and Calgary for example, have done considerable work in reshaping themselves and Ottawa's United Way has been following these developments. The newly formed Immigrant Impact Council (which exists along with other impact councils which focus on other groups in the population) has been pushing the United Way to do a self-study as a preliminary step to working with its member agencies to better integrate the needs of immigrant and visibly minority populations.

Another organization that has worked directly with the City in relation to women and diversity, the City for all Women Initiative (CAWI) has done training with community-based women, many from recent immigrant communities, to help them learn how to effectively make their claims to City Hall. They have been a visible presence at City Hall during all the budget crises, wearing peach scarves and articulating how cuts in service impact on their families and their communities.

The City is reacting. Staff brought to Council a report on recent immigration and the Council, impressed by the display of community support and pressure for action, adopted the staff motion which was for staff to come back in six months with plans for an immigration policy. There have been meetings between community representatives and people from the City, discussing questions of process. The City representatives would prefer the plan to emerge from the community so that community pressure can be brought

to bear on the City Council to adopt the plan. The community representatives want to ensure a process that would build community capacity to interact with the City, and this would require funding from the provincial or federal sources. The community cannot do a plan without resources as a plan done without serious community involvement would not be owned by the community and would not therefore be sufficiently supported to be politically saleable to the Council. The present climate at the City for new activity has been frozen by the Mayor's "no tax increase" stance but the Council did vote to proceed towards an immigration policy. Whether this is a "foot in the door" for the recent immigrant community remains to be seen but it does illustrate the ways in which marginalized groups are trying to engage with the City.

## **8.0 Conclusion**

In concluding, we will briefly come back to our four questions. In looking at the socio-economic development of Ottawa one can think of the layers of historical development in the region, each one partially eliminated by the succeeding layer. Gaffield et al make use of this idea in their history of the Outaouais, starting with the period of Aboriginal activity in the region, then going to the foresting exploitation period and then to the federal government domination. In centering on Ottawa and moving to the present, we have added the important overlay of the high tech period and the knowledge-intensive workers. The earlier periods are not entirely absent and have led to certain patterns of behaviour and, in particular, the federal government has certainly not disappeared from the region although it should be clear that its role and its behaviour have been substantially modified over the past forty years.

There have been steps taken to build the institutional infrastructure necessary for knowledge-based economic development and the high tech sector, the City, the universities and the United Way have all been involved in building institutional infrastructure – OCRI being the exemplar institution. At the same time, it is clear that all of these actors have often been far more preoccupied with their own internal issues than with building and strengthening a regional governance structure.

To jump to our fourth question, on the economic and social challenges to growth, the mobilization around the changing demography of Ottawa is particularly interesting because it is clear that employment is the priority focus for the recent immigrant community. It is not the only focus but it is currently the principal focus. Many recent immigrants and not so recent immigrants are unemployed or dramatically underemployed and the repercussions of this are escalating. Young children are disaffected from the school system, seeing that their older brothers and sisters and their parents were unable to translate formal education into meaningful employment. Disaffection with the school system has important negative consequences, not only in terms of education but also often in terms of running up against the criminal justice system. So the social priority is also the economic priority – and indeed for both the high tech sector and the federal government the economic priority (economic development) is also the social priority (increasing the pool of talented workers that they draw from) at the present time as they can see upcoming shortages in talented knowledge-workers. The challenges are real, as

certainly not all of the unemployed and marginalized are even going to find stable employment – and certainly not in the high tech or government sector. But there is perhaps the possibility of a broader governance system, one in which the recent immigrant communities are not only present but play a more active role.

And this in turn moves us back to the question about the new forms of urban governance that are emerging. They are governance structures, fitting clearly within Paquet's definition, coordination mechanisms where power, resources and information are widely distributed. Their limited inclusion of the immigrant community is partly a question of institutional inertia and the weight of past practice, it is partly a question of ingrained views about immigration and immigrants (varying from thinking it is natural for the early years to be difficult to maintaining a clear hierarchy of groups and/or discriminatory and racist views) and it is partly a question of insufficient community capacity to effectively intervene. Institutional inertia is hard to change, information can bear somewhat, but only somewhat, on ingrained views but we can do something about building local community capacity.

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