Governance and Social Cohesion:
Survivability in the 21st Century

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"Government and the market are similar to two legs
on a thre-legged stool. Without the third leg of civil society,
the stool is not stable."

Bill Bradley

Introduction

Canada has an extraordinary wealth of natural resources, an educated population, and a rich array of mediating structures enabling its population to make reasonable use of these resources. So, survivability is likely. But surviving is hardly the optimal performance except in the very short run. Survivability is nothing more than the promise to remain in existence. This entails no more than the lowest form of life. So, an additional question must be: can we do better than merely survive in the 21st century, can we thrive, and what must we do to ensure that this is the case.

I proposed a rather grim diagnosis on the lack of productivity and progressivity of the Canadian economy at the 1997 symposium (Paquet 1998a) and I suggested some broad-ranging strategies to inject a new dynamism in Canada's learning economy: overcoming Canada's adversarial system, a reframing of the worplace problématique, better use of local systems of innovation, and the development of organizational citizenship as a move toward stakeholder capitalism.

What has become much clearer, over the last while, however, is the fact that these proposals, designed to reduce the degree of disconcertion in the Canadian economy in the longer run, are unlikely to have much effect unless some kind of riverbed or foundation can first be put in place. Indeed, to a great extent, the disconcerted learning economy phenomenon that I had put at the center of my diagnosis about Canada is ascribable to a failure to develop the requisite underpinning social cohesion that is necessary for the optimal degree of concertation and learning to occur.

In section 1, I clarify how social cohesion and trust play this foundational role and how they underpin the process of governance. In section 2, I examine the drift in Canada's governance system over the last few decades and the impact of the change in governance regime on social capital. Section 3 illustrates in a sketchy way the possible consequences of an inadequate governance regime by evoking the plight of Quebec as a result of the excessive growth of statism and the consequent erosion of civil society in the post-1960 era. Section 4 presents a plea for "desquishing the concept of trust" (Keen 1999:30) and making it into a capability that can be cultivated and learned as a system of survival, and sketches some strategies for engineering trust mechanisms. In conclusion, I suggest some of the reasons why "there are reasons to hope – not to be optimistic but to hope" (Michael 1988:17).

1.   Governance and social cohesion

One of the unfortunate statements made by Oliver Williamson, a well-known 20th century American economist, is his declaration that "trust, if it obtains at all, is reserved for very special relations

between family, friends, and lovers.... Commercial relations do not qualify" (Williamson 1996:273-75). Indeed, Williamson has built his now famous transaction costs economics on the concept of distrust: "opportunism" plays a central role in it.

Williamson could not be more wrong. Trust has been and is one of the most important features on which a thriving learning economy rests. The success of Japanese products or of MacDonald's services has been built on trust in the quality and reliability of their products and services. And, in the last few decades, as complexity, interdependence and telecommunication intensity have increased in the modern world of business, trust has become an even more crucial source of competiveness and progressivity, a key asset (Keen 1999). Collaboration, joint ventures, networking, and partnerships have become an essential part of modern business in a learning economy, and mechanisms of trustability have become a key business advantage, not only because of the fact that moral mechanisms of coordination are much cheaper than mechanisms of monitoring, but because of the fact that trust relations sustain more effective learning.

This does not mean, however, that the optimal amount of trust is necessarily the maximum amount. An excessive amount of trust may lead to conformity, dulled entrepreneurship and innovation, and delayed learning (Casson 1995).

(a)   What is meant by trust

The most popular definition of trust is that proposed by Francis Fukuyama (1995:27): he defines it as a form of *spontaneous sociability*, as a form of *social capital* that facilitates coordination and

cooperation for mutual benefit. The concept of social capital has itself been used in this sense by Coleman (1988) and made popular by Putnam (1993, 1995). Putnam suggests that Jane Jacobs (1961) has been the first person to use the concept of social capital in this sense.

For Putnam, social capital is embedded in networks of organized reciprocity and civic solidarity and norms, and constitutes a moral resource and a public good. Such networks – be they choirs, sports groups, etc. where people have an opportunity to interact as equals – generate self-reinforcing mechanisms, so that trusts builds on trust, but also distrust builds on distrust. "Trust lubricates cooperation. The greater the level of trust within a community, the greater the likelihood of cooperation. And cooperation itself breeds trust" (Putnam 1993:171).

There is much vagueness attached to the concept of trust in the daily usage of the term, and for many, it has remained a somewhat fuzzy, ethereal and emotionally-charged concept. But, it is embedded in shared norms, and in our modern world, trust has come to signify – as Niklas Luhmann (1979) suggests – *system trust, i.e.,* "a kind of trust in the ability of systems to maintain conditions of performance", based on devices (like money or legitimate political power) that reduce the complexity of the world by building on honesty, competence and reliability in the social institutions (Govier 1997:24-29, 61-62).

(b)   Governance as pattern

In any complex system, governing activities on the part of any single actor are not futile but they are likely to be somewhat less than fully effective since purposeful action by any of the stakeholders is

bound to be countered by concurrent stakeholders. Unintended consequences of specific actions, external economies and diseconomies, and feedback of all sorts generated by such actions are likely to ensure that the intended outcomes are not reached.

Indeed, the pattern of governance -- the process through which a system steers and coordinates itself – is the resultant of various disparate efforts at governing and is likely to *emerge* rather than to be crafted. "Governing and governance are subjected to a permanent process of mutual interaction. Actors who govern, or try to govern, also influence the governance structure...Some (more powerful) actors have the possibility to rewrite some 'rules of the game' but no one has complete control. There is always some intended and unintended change, which creates maneuvering space for actors willing to change the existing pattern" (Koiiman 1993:258-9).

We are entering an era where the governance process is a game without a master. This raises the question of whether systems with such a governance process are governable. Governability is the organization's capacity to transform, its capacity to modify its structure, its process, and even its substantive guidance mechanism and orientation as circumstances change, while maintaining its coherence, its effectiveness and its learning capabilities (Paquet 1999a). Governability is never ensured, but trust is a most important component that underpins an effective governance pattern.

(c)   Trustability as capability

While Williamson uses the word governance to refer to mechanisms to discourage opportunism and to correct for distrust, one may also use it to refer to an ensemble of trust enabler mechanisms capable

of ensuring better coordination and more effective social learning. Trust is about future relationships (Laurent et Paquet 1998). Since it is embedded in relationships, trust may be cultivated by designing relations (Keen 1999:5). The challenge for those who take trust seriously is to transform trust, as Keen suggests, from sheer goodness that makes relationships work, into capabilities that can be engineered by emphasizing the moral dimension of behavior.

To the extent that one may arrive at a distinction between trustworthiness (as a value) and trustability (as a capability), one may decompose trust into what is not and what is lending itself to design. What one is after is trustability, and much of what governance mechanisms are in a position to provide are trust enablers (Keen 1999:34). Anything that helps to develop better relationships between buyers and sellers (a generous return policy) or between employers and employees (cooperative work methods) are trust enablers that help transform the relationship space, and therefore the trust space.

In Putnam's analysis of Italy, the different relationship spaces (and therefore trust spaces) in the North and the South – greater social trust in the North than in the South – are ascribed to historical factors going back ten centuries (feudalism in the South, republicanism in the North). But one need not go back that far in the past. There are broad features of a country's macro-organization that may define its trust-enabling or disabling potency for a country over a much shorter period. For instance, the rise of a more caesarist or autocratic governance regime in the polity may well lead to a general decline in the overall level of social trust, and that, in turn, may have important deleterious effects in the economic sphere.

In the case of Canada and the United States, where observers have suggested that there has been a

significant decline of social trust over the last decades (Putnam 1995; Helliwell 1996), one might wish to examine the evolution of their polyarchical political regimes, or their bureaucratic regimes, in order to ascertain to what extent they might have had an impact on the stock of social capital.

(d)   Polyarchies and trust

In the Dahl/O'Donnell sense, a polyarchy is a political regime of freedom of expression, with available alternative information, associational autonomy, elected officials, the right to run for office, an inclusive suffrage, free and fair elections, a regime where officials' positions cannot be arbitrarily terminated before the end of their mandate, nor can they be unduly imposed upon by non-elected actors, and where an uncontested territory clearly defines the voting population. (Dahl 1989:221; O'Donnell 1996: 35-36).

Polyarchies are complex and unstable mixtures of four broths: the democratic tradition anchored in ancient Athens, the republican tradition rooted in imperial Rome and certain medieval Italian cities, the liberal tradition traceable to mediaeval Europe but more clearly to Locke and Montesquieu, and the tradition of the rule of law, together with "the existence of state agencies that are legally empowered – and factually willing and able – to take actions ranging from routine oversight to criminal sanctions or impeachment in relation to possibly unlawful actions or omissions by other agents or agencies of the state" (O'Donnell 1998:117).

Any undue weight given to one or another of these components may corrupt the mixture. "Democracy

without liberalism and republicanism would become majority tyranny; liberalism without democracy and republicanism would become plutocracy; and republicanism without liberalism and democracy would degenerate into the paternalistic rule of a self-righteous elite" (O'Donnell 1998:115). And without the possibility of redress when there is encroachment by one state agency upon the lawful authority of another, caesarism is near.

All these forms of corruption have been experienced. And in most cases of important perversion, the institutional order has been destabilized and the governance system transformed. For instance, observers have denounced the deleterious effects of the emergence of hyperdemocracy in North America: indeed, democratization and distrust are presented as the twin hallmarks of America's hyperdemocracy. The insistence on greater exposure and participatory openness in the political environment, and the incessant polling "of-the-top-of-the-head" opinions have led to some destructive uses of the tyranny of the majority: a series of disconnected adversarial contests, a general atmosphere of contientiousness, political debate without deliberation, a public that is courted by "sound bites" but not engaged in a meaningful conversation, a world of deepening distrust (Heclo 1999).

The lack of authoritative agencies willing and able to stop the encroachment of one state agency upon the lawful authority of another has also been deplored. This situation – fuelled by the centralized mindset of many governments over the last decades, but also by the immensely greater bureaucratic power at the disposal of modern Caesars – has been denounced in the United States and Canada (Carter 1998; Paquet 1999b). This sort of drift can only disturb the institutional order that embodies a certain equilibrium among those forces. This in turn is echoed in a changed pattern of rights and responsibilities and distribution of power, in a modified degree of social cohesion and trust.

2.   Traverse

Even though it is said that *natura non fecit saltum*, there are times when the evolution of the institutional order is such that one can really speak of a change of kind, and not simply a change of degree. There has been such a tectonic change in Canada in the last decades.

To cope with an evermore turbulent global environment, Canadian organizations have to use the environment strategically, in much the same way that the surfer uses the wave. Managers must exploit all the favorable environmental circumstances and the full complement of imagination and resourcefulness in the heart and mind of each team player; they must become team leaders in task force-type projects, quasi-entrepreneurs capable of cautious sub-optimizing in the face of a turbulent environment (Leblond and Paquet 1988; Paquet and Roy 1998; Paquet 1998a, 1999a, 1999b). This sort of strategy calls for public, private and civic organizations to design lighter, more horizontal and modular structures, to create networks and informal clan-like rapports. This calls for <u>non-centralization</u>, for an expropriation of the power to steer that is held by the top managers.

(a)   Distributed governance

These new modularized organizations cannot impose their views on their clients, citizens or members. Indeed, there has been a significant decline in deference to authority in all sectors (Nevitte 1996). To compete effectively, firms, very much like state or civic organizations, must consult: they are moving toward a greater use of the distributed intelligence and ingenuity of the members.The strategic organization is becoming a broker, an animateur, and in this network a consultative and participative

mode obtains among the socio-economy, the firm, the state, and the communities (Paquet 1992, 1994, 1996-7). All this has triggered a paradoxical outcome that has been analyzed by Naisbitt (1994) and christened glocalization by Courchene (1995a).

As globalization proceeds, international economic integration increases, and the component parts of the system become more numerous. The central driving force is the pressure to organize for faster learning. And it would appear, according to Naisbitt, that the game of learning generates more innovation if those components confronted with different local realities are empowered to take decisions on the spot. In this way, international integration has led to national disintegration, globalization has led to localization of decision-making, to the dispersion of power, and to a more distributed governance process.

Distributed governance does not mean only a process of dispersion of power toward localized decision-making within each sector: it also entails a dispersion of power over a wide variety of actors and groups: economy, polity, and society do not continue to evolve in isolation as much as before. The best learning experience would appear to be effected through flexible intersectoral teams woven by moral contracts and reciprocal obligations negotiated in the context of evolving partnerships.

There has always been some new form of interaction between sectors: governments regulate the economy to a certain extent; the economy influences the polity to a degree; but one of the central features of the new governance is that, in order to tap into the relevant information in a context that has become turbulent, the three sectors (polity, economy, and society) must develop partnerships and joint cooperative activities to a much higher degree. Indeed, in addition to the more traditional state and

market governance mechanisms, a major component of great importance in the new pattern of governance is *associative governance*.

This entails a major qualitative change. It introduces the network paradigm within the governance process (Cooke and Morgan 1993; Castells 1996, 1997, 1998). This paradigm not only dominates the transactions of the civic sector, but permeates the operations of both the state and market sectors. For the network is not, as is usually assumed, a mixed form of organization existing halfway along a continuum ranging from market to hierarchy. Rather, it is a generic name for a third type of arrangement, built on very different integrating mechanisms: networks are consensus/inducement-oriented organizations and institutions (Kumon 1992; Amin and Thrift 1995; Acs, de la Mothe and Paquet 1996).

(b)   A new dynamic

A critical examination of the drift of the Canadian governance system over the last decades (Paquet 1999b) indicates that there has been a triple slippage.

First, there has been a shift in the Canadian governance regime philosophy from egalitarianism to subsidiarity.Democratic egalitarianism attempts to construct a corrective for inequalities through redistribution. So democratic egalitarianism (in society) generates compulsive centralism (in the polity). To redistribute resources, one has to bring them to the center first, and this centralism generates growing shackles on the productive capacity and the learning capability of the economic system. The coexistence of the decreed egalitarian rights and the considerable and even increasing

inequalities in real life can also only lead to resentment. Thus the welfare state found itself caught in an vicious circle: it became ever more expensive in fiscal and centralization terms to effect a redistribution that, instead of reducing frustration, exacerbated it.

As a result, the social security compact came under attack. At first, these attacks on the legitimacy of the social security compact were countered by technological adjustments of existing mechanisms and by efforts to effect slight modifications in the division of labour between the private and public sectors. It was only in the 1990s that Canada was forced by its fiscal crisis to question, in a fundamental way, the old philosophy of governance.

In this new world of subsidiarity, the authority of governments to intervene is not based any longer on entitlements ordained from above, but stems from the citizens' need for help. Thus governments act in a subsidiary way, in much the same way that a reserve army intervenes in case of need. This new governance system calls also for decisions to be made at the lowest, most local level, where they can be made with reasonable efficiency and effectiveness. This new philosophy provides a rationale for a new institutional order where governance is based on needs rather than rights – bottom up rather than top down.

Some, like Judith Maxwell (1996), suggest that the erosion of the traditional social programs of the welfare state era has weakened the community bonds in Canada, and that it has eroded Canada's social capital; for others, it is the very intrusive statism which is at the core of the welfare state that has eroded the pre-existing social cohesion. This is not a problem that can be resolved by a black and white response. Indeed, there is a coevolution of market, state and social cohesion in which there are

both substitutes and complements to each other. It is often only beyond certain "limits" that the negative correlation between the strength of one sector and the erosion of another kicks in.

The second slippage has occurred at the structural level: it effected a new deal in the division of labour among the private, public and civic sectors. After some evolutionary and soft restructuring efforts during the 1980s (Neilsen Task Force, PS 2000, the creation of a few Special Operating Agencies) -- to reduce the valence of the state in the overall governance scheme -- it was truly with the change to a Liberal government in 1993 that the process of structural change in keeping with the new philosophy of governance moved into high gear. Program Review (which by all accounts was just an improved version of the Neilsen exercise) triggered some profound rethinking of the governance process. The six questions of the federal Program Review exercise put the burden of the proof on government: before it could take responsibility for an activity, it had to be established that it could not be done effectively and economically by another group (private or civic) or by other groups partnering or by the state partnering with extra-governmental agencies. There were similar efforts undertaken by most provincial governments that parallel the federal initiative.

The fact that Program Review (and its provincial analogues) did not effect as dramatic a transformation in the governance structure as some had hoped (and in the end were more focused on expenditure reduction than on an overhauling of the governance process) does not mean that it did not significantly transformed the governance structure.

These initiatives were not a whimsical one-shot affair, they have been action-oriented and have been followed by a wide-ranging series of activities included under the rubric of the "alternative service delivery initiative" at both the federal and provincial levels (Ford and Zussman 1997). Indeed, the ASD initiatives around the country have been an adjunct to the philosophy of self-reliance and subsidiarity that underpins the federal program review, and calls for a dramatic shift of responsibilities away from the government toward the other sectors.

Again, these changes have had ambiguous impacts on social cohesion for the same reasons that were invoked earlier. Some have argued that such devolution of government powers has been at the source of the erosion of social cohesion; a larger number of observers would however be led to conclude that the new self-reliance generated by this disengagement of the state may have entailed exactly the reverse (Mulgan 1997).

Thirdly, there has also been a major transformation at the technology level during the course of the last five years. This has been most visible in two areas.

First, the new telecommunication technology has transformed the nature of work in the three sectors, and has heightened the degree of interdependence, the degree of connexity of the world we live in (Mulgan 1997). Indeed, connexity has made it possible for membership to be far more dispersed. This has signalled a change in the social order: away from the stratification of class and

occupations toward "a more cellular structure that is held together by communication" (Mulgan 1997:100). This has given social capital and trust a new importance, for it is what underpins effective communication and collaboration. "Social capital is, admittedly, a peculiar kind of asset, in that an individual cannot possess or exchange it and in that it is replenished by use" (Mulgan 1997:105).

Second, there has been a dramatic change in the nature of the organizational technology as a result of the new covenant between employers and employees. The pressures of globalization and competitiveness have led to a redesign of the employment contract with private sector personnel. Many have already sounded the requiem for "the job" (Bridges 1994). The same year, even the career public service was for all practical purpose abolished. The Personnel Renewal Council (consisting of departmental representatives appointed by the Heads of Personnel) released a discussion paper entitled, *The Way Ahead for the Public Service,* which concluded that a career public service is no longer "necessary or affordable", and that, in any case, "it is an unhealthy expectation" (p.5). Indeed, the paper recommended moving away from the concept of a career public service (p.17). The ultimate message was delivered in the 1994-95 Annual Report of the Public Service Commission, which stated as a <u>fact</u> "that the implicit employment contract which guaranteed relative job security to employees has been abrogated" (p.13).

Once again, there are sharp differences of opinions among observers about the net impact of these changes on social cohesion. Many still bemoan the disappearance of security and suggest that it could only lead to the erosion in

social cohesion; others argue equally vehemently that it is wrong and that it is the omnipresence of the state that weakens civil society.

(c)   Canada as a disconcerted system

These changes in the governance regime are still unfolding but they already have had an important impact on social capital and social trust. However there is no complete consensus as to whether the overall net effect has been small or large, and whether it has been on the whole negative or positive. Taking a stand on such issues is bound to be controversial, but in the interest of pressing the dabate one step further, it has appearead useful to present in a succinct form what one might regard as the *hypotheses* that would appear to garner the most important support based on the balance of evidence available at this time.

They would be (1) that the important rise in statism (the public sector can always do it better) during the post-1945 governance regime, and the neo-liberal wave of privatization (the private sector can always do it better) of the 1980s have both tended to reduce directly the role of the civic sector somewhat. This has translated in a decline in the measures of social capital and social trust. However, if both pressures (statism and privatization) may be said to have had negative effects on the civic sector, (2) the former has had an immensely more destructive net impact than the latter because of the fact that there has been an indirect and

somewhat positive co-relation between the self-reliance generated by the disengagement of the state and the strenghtening of civil society. Moreover, it may well be that (3) these negative effects are non-linear and that they kick in most negatively when there is a tendancy to increase the relative role of the state or the market in a way that is out of line with the importance these institutions have had traditionally in the division of labour among the three sectors in a given society. Finally, (4) statism in Canada (and most importantly in Quebec), and the mild forms of caesarism at the federal level at different times over the last few decades, have had net deleterious effects on social capital, and have generated significant difficulties in the Canadian economy; and (5) the performance of the Canadian system has given signs of growing difficulties in the recent past: a decline in living standards, dysfunctional government-business-society relations, citizens' disengagement, pathological cynicism, etc. that have further eroded social cohesion.

Mathews (1998) and Migué (1998) have suggested that an important rise in statism has had deleterious impacts on economic performance, that this is the root cause of Quebec's relative economic decline over the last decades. My own argument is that Canada's and Quebec's economic difficulties are not ascribable to state activities *per se* but to the echo and crowding-out effects of excessive statism on the stock of social capital and on the level of social trust: such an erosion has made voluntary cooperation more difficult.

The difference between my argument and Migué's proposed rationale to explain Quebec's economic woes is important: I am quite willing to accept (a matter on which Migué would not agree) that a

number of the 1960s state interventions were helpful. One could point in particular to the world of education where much progress has been made that might not have been accomplished without a strong state intervention. What was reprehensible and socially costly was the *overly* intrusive power of the state that has led to an erosion of the social capital.

It may be worth taking a moment for a cautionary tale inspired the Quebec experience since the 1960s to illustrate not only the potential damage that may flow from dysfunctional governance regimes but also the extraordinary degree of cognitive dissonance that would appear to have accompanied this phenomenon in Quebec. The next section synthesizes in a sketchy way one of the central messages flowing from a forthcoming book (Paquet 1999c).

3.   The Quiet Revolution in Quebec as a cautionary tale

The Quiet Revolution of the 1960s is the basic reference point in all discussions of the recent past in Quebec. It refers to a complex set of modifications in the fabric of Quebec society, and of its governance, which are purported to have transformed Quebec from a conservative, priest-ridden and relatively backward society into a modern and vibrant entrepreneurial society, mainly through an aggrandized role for the state and the state bureaucracy. Before 1960, the dark ages; after 1960, modern Quebec.

Even though a whole range of Quebec observers -- from journalists and social scientists to opinion-moulders, in both French and English Canada -- are quasi-unanimous about the centrality of this

climacteric, much of the research on Quebec over the last twenty-five year calls this simplistic view into question. It suggests that the Quebec situation might not have been as backward and illiberal as is presumed before 1960; that Quebec's entrepreneurial spirit and modernity are not of post-1960 vintage; and that the social costs of the Quiet Revolution may have been much higher than had been first gauged, and its benefits somewhat exaggerated.

If neither the demonized image of pre-1960 Quebec, nor the glamorized popular image of the Quiet Revolution, would appear reasonable, what is be a more reasonable account of the Quebec experience, post World War II ?

(a)   A few facts

First, a simple chart of the economic growth paths of the Ontario and Quebec economies shows that both economies largely evolved in parallel between the 1870s and the mid 1960s. It is only from the 1960s on that the Quebec economy starts showing signs of growing at a *lower* rate than Ontario. It is therefore difficult to find evidence in these economic growth time series that the shackles of traditional society and the Duplessis regime were debilitating for Quebec, or that the Quiet Revolution accelerated economic growth (Raynauld 1961; Mathews 1998).

Moreover, the history of entrepreneurship in Quebec since the beginning of the 19th century does not portray a conservative people incapable of coping effectively with modernization and industrialization. On the contrary, in his travels through North America, John Lambert observed that

French Canadians were already very well adapted to the new world of commercial capitalism (Lambert 1810). Throughout the nineteenth century, they created a multitude of small commercial firms, numerous banks, and important industrial concerns, despite the important handicap of not being able to count on the powerful connections that the English and Scottish merchants of the St Lawrence had in the United Kingdom (Toulouse 1979; Paquet and Wallot 1988).

The statistical, historical, and ethnographic record shows that pre-1960 Quebec was not a world of illiberalism, of sclerotic conservatism, and politico-religious oppression. Rather, what transpires is an image of Quebec that is strangely similar to what one could observe in the rest of Canada at the time (i.e., a liberal society where entrepreneurship was impressive).

(b)   Pre-1960 Quebec misconstrued

But much of the vibrancy of the pre-1960 Quebec experience has been occluded, as a result of an uncanny fixation of both Quebec federalists and sovereignists on certain distorted vignettes of the pre-1960 Quebec life. Indeed, this distorted vision of pre-1960 Quebec had become by the 1950s part of the intellectual luggage of the French Canadian and English Canadian intelligentsia.

This sketch of pre-1960 Quebec traditional lifestyle has been developed on the basis of limited observations of two minute Quebec communities by two American sociologists (St. Denis de Kamouraska for Horace Miner in the 1930s and Drummondville for Everett Hughes in the 1940s). These sketches were merrily generalized to the whole of Quebec lifestyle by two English Canadian historians (Donald Creighton and Arthur Lower) and came to be accepted as a credible diagnosis of

the whole of Quebec society. Arthur Lower in the 1940s could present Canada as a mix of two ways of life: one "medieval, rural, Catholic way of life" for French Canada and the other, the hurly-burly of the English man of business, the dynamic Calvinist way of life in English Canada (Miner 1935; Hughes 1943; Creighton 1937; Lower 1943).

Most surprisingly this diagnosis was adopted *holus bolus* by a large number of Quebec sociologists (Marcel Rioux, Hubert Guindon, etc.), and even by Pierre Elliot Trudeau in the introduction to the 1956 book he edited about the Asbestos strike. Indeed, this Miner-Hughes *image d'Epinal* was repeated uncritically by a whole generation of historians and social scientists in Canada to characterize French Canada (Trudeau 1956; Rioux 1969; Guindon 1988).

(c)   Strange bedfellows

This uncritical ruber-stamping of the Miner-Hughes diagnosis was not innocent. Demonizing pre-1960 Quebec made the glorification of the post-1960 experience all the more easy.

The denunciation of the traditional order suited the progressist federalists who were frustrated with the slow pace of social and economic progress of the 1950s. It was re-assuring for them to be able to identify one cause for this ordeal: the attachment of Quebecers to tradition as the source of economic and social retardation. This diagnosis was fundamental to the argument in favour of a strong-armed state interventionism strategy as a cure that would sweep aside the traditional institutional setting. Their support for a strategy of robust government intervention was to lead progressist federalists to argue forcefully for the installation of all sorts of ratcheting devices and safety stops to

ensure that Quebecers would not ever be tempted to revert to the old ways. This translated into a centralizing federalist strategy, which culminated in the Charter of Rights as the safety stop par excellence.

Surprisingly, this vision of the traditional Quebec institutional setting as an impediment to modernization and progress was also supported by sovereignists. For them, frustration came from the snail's pace progression toward independence, ascribed in large part to the mortgage of tradition and traditional elites. The new level of state activism in the 1960s was perceived as the first step in a broader strategy of emancipation from the trappings of tradition that would lead to full-fledged sovereignty. The drive to gain access to the new world of complete sovereignty translated into a set of actions that was intent on liquidating the old order as quickly as possible so as to be able to move toward the promised land.

And yet since Quebec economic growth was relatively stronger in the pre-1960 period than post-1960, how could one explain that the great leap forward of the Quiet Revolution, from *la grande noirceur* to modernity, had translated into relatively slower economic progress?

(d)   The case of the eroding social capital

At the source of much of this charade is a lack of appreciation of the economic development literature emphasizing the importance of the socio-cultural underground and social cohesion in the explanation of economic growth. Putnam (1993) has demonstrated his case with extensive field work in Italy. His studies of the economic development of Italy over several decades have shown that Northern Italian

sub-regions, equipped with much social capital (a rich network of associative behaviour, common norms and values, trust, a high degree of reciprocal confidence in one's neighbours, conviviality, etc.) were able to progress economically very quickly, while Southern Italian sub-regions, deprived of this rich social capital, stagnated.

This is a phenomenon that both federalist progressists and sovereignists have failed to grasp. They have been united in their erroneous view that the traditional institutional order in Quebec was a drag on economic progress, a source of economic retardation for Quebecers.

Consequently, they both argued that the quick liquidation of these traditional institutions would be a source of progress toward modernity and higher economic growth. But, if Putnam is right, it may well be that the rich texture of traditional institutions in place before 1960 was the sort of community capital (strong religious networks and family ties, vibrant communities and cooperative movements, etc.) that has served Quebecers well, and that has been the source of strong economic growth before the 1960s.

On the other hand, the dilapidation of this social capital by the Quiet Revolution (in its drive to sweep aside the traditions and institutions based on religion, family, and community and replace them by state apparatus) may have caused a weakening of community in Quebec, and a relative slowdown in economic progress.

(e)   Vigilant blindness

The misreading of the Quebec experience flows from a high degree of false consciousness and ideology that led to a major underestimation of the importance of social capital and social cohesion in the process of economic growth. Observers like Pierre Elliot Trudeau have been mesmerized by large firms in trying to gauge the evidence on economic growth. The realization that Québécois were not well equipped with large firms has led to the false conclusion that economic growth was stunted. There has been a systematic occlusion of the importance of small and medium-sized firms, of the extent to which they were built on regional networks rooted in family, community or religious agglomerations, and of the actions of the Duplessis state to help these networks.

Government-business relations were denounced as patronage, when, in modern parlance, they would be described as effective government support for small and medium-sized firms. The equally rich web of society-business relations developed, for instance, through the Desjardins cooperative movement from the turn of the 20th century, was systematically maligned. Yet, the robust socio-cultural underground of the pre-1960 Quebec economy explains the relatively good economic performance of the Quebec economy during this era.

The World Values Surveys gauge the evolution of the degree of interpersonal trust and associative behaviour over the more recent decades. The available data demonstrates some important trends: 1) there has been a significant erosion of social capital in the United States; 2) the degree of confidence and trust in one's neighbours has remained higher in Canada than in the United States; 3) the gap between the two countries has declined, meaning a more rapid decline in Canada than in the United States; and 4) the decline of trust and associative behaviour has been much more rapid in French Canada than in the rest of Canada, in the post-Quiet Revolution (Helliwell 1996).

This decline of social capital may explain the important difficulties experienced in the recent past on the occasion of various efforts by Quebec to mount projects requiring a high degree of interpersonal trust and social collaboration (i.e., the stalled industrial clusters strategies of the early 1990s). Moreover, the significant erosion of social capital generated by the massive displacement of civil society by government at the time of the Quiet Revolution may indeed have left Quebec ill-equipped at the end of the 20th century to construct the sort of governance based on a strong degree of trust and associative behaviour that would be required

4.   Desquishing the concept of trust

The argument developed in section 2 and illustrated in section 3 underlines two major points: first, that social cohesion, social capital and social trust are an important socio-cultural underground on which good governance is built and a crucial ingredient of economic progress; second, that there would appear to have been an erosion of these features in the Canadian system over the last decades. Both in the United States and Canada , all sorts of measures of civic engagement have been used the decline of social cohesion: opinion polls, time-budget studies, associational membership, volunteering, philantropy, etc. (Putnam 1995, 1996; Helliwell 1996). While both points are in general granted by most observers, full consensus has not been reached yet on these issues.

This section proceeds in two stages: first, an attempt at clarifying some of the different positions on the decline of social trust argument and at exploring in an

oblique way the process of production of social capital and social trust; second, a few modest proposals for consideration by those who feel that action is called for to kickstart now the process of social recapitalization.

(a)   A glance at the evidence

There is much fuzziness attached to the concepts of social cohesion, social capital and trust, but the overwhelming weight of evidence (even though much of it is anecdotal and ethnographic) would appear to support the view that in toto there has been a decline of civic society.

Both the quantitive indicators provided by Helliwell (1996) and the qualitative synthesis of the Policy Research Secretariat (1996) point to a significant decline in the amount of trust in Canada over the last decades, at least in the traditional form in which it is usually measured.

But many groups of observers have put some flats and sharps on this script. For instance, since no one has been able to gauge directly the level of "civic energy" deployed., it has been argued that it may well be that civic energy has not declined and that it is now simply deployed in alternative ways. Some like Alan Wolfe (1998) or Charles Handy (1998) have even suggested where it has been newly deployed -- in the workplace and in the schools. Indeed, a number of observers have been led to generalize and to contend that while social cohesion in the traditional forms (neighbourhood) may have declined, it has undoubtedly

increased in new forms (cyberhood).

Another group does not disagree with the fact that there has been a decline in the stock of social capital but raises questions about the fixation that analysts would appear to have had on the *positive* effects of social cohesion and trust. There is a downside to social cohesion: too much cohesion usually generates social control and some social decapitalization may not be necessarily bad since some of the social capital may the source of malefits. Margaret Levi notes, in her review essay on Putnam's 1993 book, that Timothy McVeigh and other co-conspirators were members of a bowling league. This is a case when it might have been better if each one had bowled alone (Putnam 1995; Levi 1996).

In the same spirit, other observers have questioned the romanticism of those like Putnam who celebrate uncritically the social capital generated by local communities as if they always have positive effects. This argument must be made carefully: localism may also be the source of extreme resistance to change and may block innovation (Levi 1996).

Yet another group has raised questions about the contention of analysts like Fukuyama or Migué that the state per se is to be blamed for the decline of social cohesion and the breakdown of the social order. In fact, it has been shown that government facilitates to a certain extent interpersonal trust among strangers

(Yamagishi and Yamagishi 1994). This means that a more balanced position may be that there is a threshold beyond which state activism begins to have deleterious displacement effect on social capital, but the location of this threshold is not necessarily known, and may vary from one society to the next. This means that the same degree of statism may in some societies contribute to social capitalization and in some other societies may generate social decapitalization.

Indeed, one of the weakness of the literature on social capital is that it does not provide an adequate theory of production of social capital. So, even if my argument about the centrality of social capital and social trust is accepted, in principle, and if it is agreed that in toto such a decline has had negative impacts on good governance and economic growth, the major difficulty remains: can one do anything to reverse this trend? and how?

One useful first step to go beyond the Putnam position (where the production of social capital remains a mysterious process) is to redefine the notion of trust in terms other than personal trustworthiness. Luhmann's notion of *trust in the system* is such an alternative that is very similar to Keen's notion of trustability. The challenge then is to design trustable systems which do not depend on the personal element (Luhmann 1979). The advantage of this notion of trust in the

systems is twofold. First, it suggests some directions for constructive efforts to improve trustability and reliability. Second, it explains the potentially deleterious impact of excessive statism on trust: the provision of state services to too great an extent triggers a loss of confidence in the alternative systems built on family, religion and community.

Building system trust amounts to designing institutions that provide confidence in their operations. In a sense, it is depersonalized. But these institutions provide individuals with a treble charge: cognitively, they enable individuals to build on considered evidence, and therefore it is not blind faith; emotionally, they generate a kind of bond that cannot be reduced to calculated risk; behaviorally, they enable individuals to take risky action in the expectation that others will act predictably (Lewis and Weigert 1985; Govier 1997:24). Trust so defined can be built on devices that form the basis of trust but in turn require trust. If trust is to survive, it must be built on self-re-inforcing mechanims, on devices that require some trust but feed trust-generating behavior.

This reformulation would also appear to provide an appropriate perspective to assess critically the argument that medicare is "the" source of Canadian social cohesion. This is a most popular and dangerous use of synecdoche -- a figure of speech in which a part is presented as a substitute for the whole -- that has become part of the present conventional unwisdom in Canada. It is both incorrect and dangerous to believe that the particular form of system trust

provided by medicare can be reasonably interpreted as the quintessential institution embodying the quintessential Canadian value. Susan Peters' study on Canadian values (1995) reveals a much wider range of values as underpinning Canadian society among -- values among which continuous trade-offs must be made -- self-reliance, compassion leading to collective responsibility, investment in children, democracy, freedom, equality, fiscal responsibility. A fixation on medicare as the national symbol is unduly reductionist : what is required is a focus on the construction of a plurality of institutions capable of generating trust in many dimensions.

(b)   Bootstraps dynamics

Having established that there is a strong presumption in favour of the view that a decline of trust and an erosion of social capital have occurred in Canada, and that one should work at constructing institutions that will contribute to the social recapitalization of a society, it remains to establish how such a process can be kickstarted in a society where the erosion of trust has proceeded far enough to be problematic. Since self-re-inforcing mechanisms are working in both directions, upside and downside, a loss of social capital tends to generate behavior that continues this process of erosion. Consequently, if one is to trigger a reversal of this trend, one must use mechanisms and devices that may have to be somewhat intrusive if they are to have a strong multiplier effect in the other direction.

Urging people to be more trustful so that more trust can ensue (Michalos 1990) is not likely to be an effective strategy. Trust attitudes are inspired by history, cultural styles, social conditions and institutions: an edict "trust more" will not work miracles. Yet one needs a dramatic reframing of the trust issue that would get individuals to "trust more" if one hopes to effect this reversal. So subtle state interventions might be of help to kickstart a process of social learning leading to a higher level of social trustability. These can take many forms:

(1) explicit efforts to legitimize a stakeholder approach to governance

In the private, public and civic sectors, governance structures are still quite hierarchical. Despite the drift toward more decentralized organizational forms, the accountability structures have remained largely vertical. In the private sector, even though firms are nexuses of contracts among many stakeholders (customers, employees, suppliers, shareholders, etc.), quarterly earnings for the shareholders often still rules the roost. In the same way, public organizations still live by the diktats of the Westminster model, and civic organizations may appear to have more experimental governance structures but they also suffer from the same centralized mindset.

A move from a governance structure dominated by one of the partners to a structure that allows the multiplicity of stakeholders to have an influence -- what we call distributed governance -- would entail a move away from the

absolute property rights doctrine in good currency in the English-speaking legal tradition and from the formality of market contracting, toward a pluralistic view of property rights and a greater reliance on relational, trust-based and moral contracts.

This sort of effort to create a trusteeship model of governance (Kay and Silberston 1995) is part of an on-going process of evolution of law in the United States, but its is proceeding at a much slower pace in Canada than in the United States (Allen 1992; Blair 1995; Courchene 1995b; de la Mothe & Paquet 1996; Sommer 1991).

One might therefore benefit immensely from a modernization of the legal structures defining our organizations. It would provide both the necessary lexicon and the required legitimacy to experiment with different forms of multi-stakeholder governance structures. This would facilitate partnering and collaboration and help to institute more social cohesion and trust.

(2) explicit efforts to increase trust in government

Since subtle government action may facilitate to some extent social trust, this sort of action will be the more potent the more the citizens trust their governments. A reduction of corruption, a deliberate strategy of devolution as a way to place power in the hands of the citizens, and a more important didactic role accepted by the state might contribute to restore trust in government and

enhance its role in facilitating trust among citizens (Carter 1998; Zussman 1997).

As it stands, government is prevented from playing this subtle animateur role because of its tolerance of all sorts of mild forms of corruption and patronage, because of a high degree of caesarism in high places, but most importantly maybe because of its refusal to accept a role as educator. Disinformation or misleading information by officials have become not only tolerated but are expected. Manipulative rhetoric uttered simply for electoral purpose is considered normal. These practices have eroded trust in government and therefore its capacity to facilitate trust (Hardy and Phillips 1995).

Since it has been suggested that trust in government may turn out to be a central variable to explain variations in the civic traditions among countries (Levi 1996), it is essential to neutralize somewhat the most important forces at work to diminish trust in government. The party system and its congenital negativism, and the media with its bad news mentality are two institutions bent on dwarfing the government accomplishments that come to mind as such forces. It may be difficult to increase trust in government unless such negative forces can be somewhat attenuated (Zussman 1997).

(3) disclosing the world of solidarity

It is not sufficient to transform the property right regime and to increase the

leverage of government as facilitator of trust. There is also a true need for a reframing of perspectives. There is no way one can hope to expand the trust space unless one can disclose the "world of solidarity" (in the sense that we use the word when we speak of the "world of business" or the "world of medecine"). By "world" we mean a "totality of interrelated pieces of *equipment*, each used to carry out a specific task such as hammering a nail. These tasks are undertaken to achieve certain *purposes*, such as building a house. Finally, this activity enables those performing it to have *identities*, such as being a carpenter" (Spinosa et al 1997:17).

It is essential for academics and intellectuals to ensure that they develop a lexicon and an appreciation of the way in which technology, theory and structure are inter-relating to underpin the trust economy. This may be effected either through a more thorough examination of the different instruments used in the multitude of initiatives to rekindle social cohesion (Leclerc 1992) or a greater celebration of the successes generated by new structures of partnership and collaboration and the pivotal role of civic entrepreneurs (Henton, Melville, Walesh 1997;Thuderoz, Mangematin et Harrisson 1999).

One of the fascinating contributions of Spinosa et al is that they have shown that the underpinnings of entrepreneurship, the genesis of democratic action, and the cultivation of solidarity are quite similar. What is required for the development

of solidarity is nothing less than a form of civic entrepreneurship that is no less essential to economic progress than its economic and political counterparts.

(4) domain-specific experiments

One should not be restricting one's perspective exclusively to the broad macro-socio-political features of the system. There are also important trust-enabler or disabler mechanisms that are domain-specific. Trust enhancement mechanisms need not apply equally to all activities: I may trust A with pulling one of my teeth but not with repairing my car. The design of local trust enhancement mechanisms may be most important for certain purposes and at certain times, even though they may not affect the level of macro-organizational social trust (Keen 1999).

Such local experiments may have an important multiplier effect if they prove effective. One can imagine that through the re-articulation of a successful experiment in one arena, or its cross-appropriation or re-configuration to fit another, such successful experiments can be brought to bear on other domains. One might usefully take advantage of the extraordinary variety of trust-based ventures under the different rubrics from *économie sociale* to local development initiatives to explore their generalizability (de la Mothe and Paquet 1998, Thuderoz, Mangematin, Harrisson 1999).

While these local experiments are not likely to be coordinated into a broad-based movement, they may well provide the sort of experimental probing capable of

determining through social learning what is feasible, what is socially acceptable, what is not too politically destabilizing, and what is implementable on the broader society canvas. Those are the questions fuelling the process of social learning (Paquet 1998b, 1999a).

Conclusion

This paper did not ambition to fully elucidate the mysteries of trust and social cohesion. It wanted only to underline the importance of this socio-cultural reality in explaining the successes and failures of economic systems, and to underline the need to deal with the problem of erosion of social cohesion and trust that would appear to plague the Canadian socio-economy as a *survival issue*.

One cannot deny that a degree of measured pessimism flows from our discussion and cautionary tale. However, this malaise should not overshadow the main thrust of the paper which is the search for avenues that are likely to lead to a replenishment of the Canadian social capital necessary to underpin a more robust experience of economic progress. The last section of the paper refers to a number of salutory stories that would appear to illustrate ways in which this can be accomplished.

Such rekindling of social capital, social cohesion and social trust cannot be expected to emerge organically. It will require the intervention of leaders. They

will have to work within any of the three sectors (public, private or civic) as *disclosers of new worlds,* i.e., as persons who have an ability to engage in a re-examination of old experiences and to describe new ways of being. These are the same skills that one finds in the development of entrepreneurial practices, of citizens' action groups, and in experiments to cultivate solidarity among diverse persons in modern nations (Spinosa et al 1997).

Such very special skill cannot be really effective unless first the disclosers of new worlds have earned the trust of their potential followers. And this cannot be done unless those leaders are consensus leaders, i.e., not authoritarian persons but persons acting as facilitators, as animateurs. Their action not only promotes solidarity but brings forth institutions capable of maintaining solidarity (Govier 1997:193).

We have indicated some of the ways in which this actions might take place most helpfully, and how such action would translate into a transformed institutional order. Buth there is no guarantee that such action will succeed. Indeed, there is much mocking cynism about reconstructing social cohesion, and its is bound to cause pessimism and inspire despair (Govier 1997: 257).

One possible way to escape the catch-22 of Quixotic efforts to change the whole system instantaneously and the equally dangerous exercise of an infinite number

of ultra-local initiatives with inconsequential results is to work at nurturing trustability in institutions at the meso-level, i.e. at a level where communities of knowledge exist. This is a strategy that bets on reconstructing social capital *par morceau* on the basis of sub-national forums where learning is really occurring. Any hope of a more broad-ranging consensus or moral contract is for the time being utopian.

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Facing New Challenges of the 21st Century. One way or another, in the coming decades the traditional concept of sovereignty will have to face a whole number of challenges which cannot but introduce new aspects into interpretation of the notion. In that number one could find the demand for internationalization of scarce resources and, possibly, territories, reinforcement of international regimes, widening of transnational political spheres, establishing of the global cyberspace, global environmental and climatic imperatives etc. Â In the framework of interpretations of the 21st century sovereignty one can expect adjustments in the conception of the limits of sovereign states' autonomy in choosing means to resolve any internal political issues. Abstract This study aims to provide Members of the European Parliament's Committee on Culture and Education with information, analysis and recommendations on digital skills in the 21st century and an adequate EU policy response to contemporary challenges as set out in the Digital Education Action Plan and accompanying Staff Working Document. Â This document was requested by the European Parliament's Committee on Culture and Education. AUTHORS Justina VaikutytÄ—-PaÅ¡kauskÄ—, Justina VaiÄiukynaitÄ—, Donatas Pocius. Research manager: Michaela Franke, Katarzyna Iskra Project and publication assistance: Lyna PÃ¤rt Policy Department for Structural and Cohesion Policies, European Parliament. LINGUISTIC VERSIONS Original: EN. In Sudan in the 20th and 21st centuries, Africans have been continually killed, and at least their arms chopped off at the shoulders, for declaring themselves to be Christians. AD 2005: The Armenian Genocide was recognized as real by the USA. AD 1600 - Present: European Explorers killed Indigenous Peoples in the Western Hemisphere, Australia, New Zealand, Papua New Guinea, and elsewhere. WWII: Nazi death camps and military forces killed Jews, Blacks, and Gays. In the 19th Century, a Chinese dynasty killed millions of Muslims. Advocate Organizations. Human Rights Watch. 3. Economic Manipulation... Â This is occurring among industrialized nations in the 21st century. Signs of abuse become more evident. Lack of enough job openings for work-aged people. More Information. Global Governance in the 21st Century: Rethinking the Environmental Pillar. 3. If you would like to provide feedback on this paper, get involved in Stakeholder Forum's. Â It is indeed the concerted efforts of global civil society aided by new social. media communication tools that could bring about the change we want to see in global. governance in the 21st century. Rationale for Reform. UNEP and the agencies, ministries, and non-governmental organizations it works with around. Intelligent Governance for the 21st Century: A Middle Way Between West and East is a book published in 2012 by the investor and philanthropist Nicolas Berggruen and the editor and writer Nathan Gardels. It argues that Western democracies have become stymied by populism and short-term thinking, while authoritarian Eastern nations, notably China, need to bolster their meritocratic but authoritarian systems with the popular legitimacy characteristic of Western polities.