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KEYNOTE ADDRESS TO THE FORUM OF FEDERATIONS

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At this point in your agenda, I'm sure the next person who utters the phrase "globalization, technology and the future of the nation-state" may spark a mass exodus to the coffee urns. At the risk of testing your patience, I'd like to share some thoughts on what those words mean for 21st century governance.

But I want to take you beyond the topics of economic sovereignty, taxation of international e-commerce and the spread of the transnational corporation to consider the core issue of how the digital revolution will change the relationship of people and their governments.

And while it would be needlessly provocative – particularly in this audience – to ask "whither the nation-state?," the changes that are underway make it imperative to reflect on, and reconsider, the roles and strategies of effective nation-states in the future.

I'll put a simple proposition to you: The digital age, and its digital citizens, is spawning forces that will challenge – and in turn transform – our existing institutions of governance.

In a meeting I was attending the other day, the question came up about how well our educational institutions were equipping students – young and old – to learn and work in the digital age. I was starting into my reply, when the dean of a business school – which shall remain unnamed – said "Hold it! How can we be sure the Internet isn't just another fad?"

As someone said to me later, at least that intervention answered the question about how well that particular business school was getting its students ready for the new economy.

To lump the Internet with hula-hoops and Pokemons, or to dismiss the electronic business phenomenon as just the latest wave of management theory, completely underestimates how profoundly the world is changing.

It also speaks of a worrying ignorance of the newer generations that have grown up not simply at ease with internetworked technologies, but whose daily use of those tools is reshaping the way people live, communicate and work.

At the heart of the digital era and the convergence of technologies are networks. That's what internetworked technologies do – they allow people, not just companies or governments, to communicate, share knowledge, exchange ideas with velocity, convenience and breadth that was unthinkable a few years ago.

And as those networks take hold, they will remake the two distinct yet deeply intertwined relationships of people and their governments: one between the government and the citizen as customer or consumer of public services, and the other between the government and the citizen as owner or shareholder.

Consider the enormous pressure for change on governments – and on our governance structures in general. Fiscal and performance issues ... the rising tide of empowered digital citizens awash in information ... the rapid spread of networks in a world where it can take years to change a law or regulation ... and of course globalization, unleashing new competitive forces on governments at all levels.

Any one of these factors by itself would demand significant reform of our governance structures. Taken together, they represent a frontal challenge to governments' traditional monopolies through shifts in both the physical and virtual worlds. The power to tax, and to be assured of collection. The ownership of the policy process. The control of access to communication tools, and information. The internetworked world, and its digital citizens and corporations alike, are wearing down government's virtually unchallenged authority in all these areas.

The result is enormous pressure for serious transformation that is, or will be, impossible for any government to ignore.

The digital era is an age of great shifts, unsettling to those with an interest in the status quo and certainly unprecedented in any of our lifetimes. But the digital age abhors a vacuum, and just as surely as the old structures are breaking down, so are they replaced.

Some glimmers of digital-age government are emerging, pointing to a significant shift in the way government can be organized, services delivered and democracy practiced. The beginnings of what we call electronic government communities are taking root, drawing on a wider group of participants beyond the precincts of legislatures and public buildings to create new value.

Let me suggest four new models of electronic government communities that will

emerge in the future, supported by the backbone of internetworked technologies.

I want to deliberately root these models in the federal experience, because by their very nature federal systems present their citizens with additional complexities by virtue of the distribution and sharing of jurisdiction with multiple layers of government.

Aggregation

Whatever its other virtues, the federal structure often means frustration to the average citizen, who must deal with multiple levels of government and multiple layers of complexity. Taxes, health services, education, and business assistance are just a few of the areas that will typically engage multiple levels of government, meaning multiple stops and inconvenience for citizen-customers.

Examples are now emerging where networks make it possible to aggregate these multiple levels of service within a single consumer access point. Municipal and state-level government portals increasingly offer access to national government services, and vice-versa. While each level of government maintains its responsibilities and resources, consumers can enjoy the convenience of a single point of service.

http://belgium.fgov.be/pa/fra_frame.htm

Open Markets

Open markets are a crucial facet of e-commerce – forums in which organizations and consumers exchange goods and services on a pay-per-use basis. Governments are now borrowing this form for some areas of responsibility that conform most closely to the free market. The most notable example is procurement, which is increasingly managed through digital networks that match public sector purchasers with private sector providers.

This has crucial implications for federal government organizations. In the industrial era federal organizations provided the forum for regions and municipalities to pool their resources and buying power. In the digital era, network-enabled purchasing allows regions to coordinate purchasing on an ad-hoc basis, without asking the national government to serve as coordinator. One example is EMail in the United States, where five state governments are working together on a joint procurement system.

<http://email.isa.us/>

Value Chain

In the traditional model, each level of government was in its own stovepipe, delivering its services with little or no coordination with each other. In the Aggregation model, that begins to change as we see governments offer to their citizens access to other jurisdictions where they need services or information.

In the Value Chain, governments go beyond simply the "portal" notion to actual integration of services that were previously fragmented. While examples of this kind of value-added service are still rare, it is the next frontier of electronic government. One example comes from Canada, where the federal and provincial governments have combined forces to present a single point of access to business.

<http://www.cbosc.org/ontario/index.html>

Alliance

An almost untouched area is the Alliance model, which could be one of the more powerful ways of using internetworked technologies to make government more efficient. Imagine this scenario: with limited national resources and increasing organizational complexity, federal governments devolve delivery responsibilities to sub-national levels of government while maintaining the right to set standards.

In its digital form, instead of managing the resources and demands of diverse regions through top-down national government, federal governments act as the hub of a network of regions and municipalities who work together. Because all regions must conform to the basic service standards established by the federal government, they are able to collaborate effectively – exchanging ideas, pooling purchasing power, sharing resources – over a nationally coordinated network.

An early example is the National Clearinghouse for Criminal Justice Information Systems, a joint effort of the US federal government and the 50 states to share information and best practices in the justice field.

<http://www.ch.search.org/default.asp>

While changes in government service delivery represent a significant challenge to the established order, for forward-thinking politicians and public officials, surely the most exciting breakthrough is the ability to engage the citizenry in a fundamentally different, more powerful, way.

The Internet is the tool that creates new forms of interaction with the citizen, to

allow real-time participation in the government and democracy. Today, "ordinary people" are armed with more information than ever before. The technology is collaborative, immediate, involving, empowering. It breeds transparency and participation. The effects will be felt throughout our institutions of governance.

In the digital era, democracy will offer – must offer – more than a trip to the polling booth every four years. Citizens will insist on moving from being passive consumers of election campaign material pushed at them by candidates or intermediated by the mass media to becoming active partners in the governance process.

In turn, that changes the face of politics. Representative democracy is moving from broadcast, mass politics to electronically enabled one-to-one relationships between citizens and politicians. The bar has been raised in internet-based politics. No longer is it good enough to simply offer "brochureware" – which uses the Internet as another channel to broadcast partisan messages. Now the standard is true interactivity, where voters are engaged individually and become an active participant in the political process.

And the nation-state itself will change. Just as today's version little resembles the nation-state's earliest forms as they emerged in the latter half of this millenium, so too will tomorrow's shape be different again. It's worth remembering that many of the roles of the nation-state – for example the provision of social services and welfare – are relatively modern features, even if today's citizens take them for granted.

Today, however, at least four major underpinnings of the modern nation-state are being challenged.

National culture: Nation-states are founded on the idea that nationhood is politically meaningful. But international migration and the emergence of global culture have eroded the cultural homogeneity of many modern states. Many federal states face a special challenge as cultural or ethnic minorities are reaching out beyond physical borders to strengthen ties internationally.

Exclusive powers of taxation and regulation: Perhaps the most enduring authority of the nation-state is control of the powers of taxation and regulation, and the use of these powers to achieve social and political goals. But globalization has significantly constrained governments' ability to tax and regulate, limiting the scope of what national government can do.

Physical territory: Nation-states are territorial entities. This presupposes that geography is both a necessary and relevant political division. The growth of virtual, non-geographic communities has undermined the significance of geographical territory as a basis for community.

A monopoly on military power: The authority of nation-states ultimately rests on their monopoly on the legitimate use of force. Nation-states still largely hold this monopoly, but the importance of military power has significantly diminished. In a global economy, economic power often displaces military power as the ultimate source of international authority. As well, multilateral military interventions – while still legitimized by their sponsoring nations – are becoming increasingly common.

The global economy has replaced the national economy. In 1972, the global integration of the capital markets paved the way to the collapse of the Bretton Woods exchange rate system, underlining new limits on any one government's ability to manage international economic forces. Ten years later, the Mitterand government of France was forced into fiscal austerity by global trade patterns. In 1992, global competition was a prime factor in the European Union's establishment.

There is little wonder why citizens raise appropriate questions about the relevance and scope of authority of their senior level of government. While clearly threatening to some, this is a moment of opportunity as well. And how governments respond will, in part, either strengthen or further undermine their claim to a legitimate place in the future.

The federal model faces interesting challenges. You already have the experience with a form of networked government as jurisdictions are shared with different strata of government. Citizens living in federal states are accustomed to having multiple relationships with a variety of governments. That is experience and tradition that can be leveraged in the digital age.

However, additional burdens are placed on national government to find its role in the networked world, nestled as it is between the stronger links simultaneously forged with global institutions and, at the same time, to levels of governments closer to the citizen.

I am compelled, as a citizen of the host country Canada, to reflect for a moment on events in our own great nation-state. To the frustration of most Canadians, we seem to be locked into an endless, paralytic debate about our future – punctuated by periodic storms of activity provoked by one side or the other that inevitably end with no change, no resolution – except to do it all again soon.

Is it possible that this is yesterday's discussion? Is it possible that the skin of networks that surrounds the planet and the new challenges of the global economy should provoke countries such as Canada to rise above the fatigue of endless constitutional discussions to move on to fresh thinking about the structure and very nature of the federation? Is it possible that the digital era provides new opportunities to refashion how we function together in this vast geographical space?

Around the world, we are in the early days of digital era government. New models are emerging, but we have some way to go before the lines become distinct. What we do know now is that governments will need to find new ways of working, new ways of interacting with the public, new ways of organizing their responsibilities, and new forms of value that they can provide to the public.

In the coming years, we will see widespread adoption of models that, while appropriate to the culture of each government and society, will share several characteristics.

- The new networking technologies will eliminate the boundaries between branches of government, and among governments, as service delivery gets organized around end-user needs, not the historical political or public service structures.
- Service delivery reforms will be followed by fundamental shifts in government – even constitutional arrangements – as citizens look for more rational structures in government for service delivery.
- New networks of government, civil society and the marketplace will redefine the nature of "public services" as boundaries collapse and the focus becomes who best can add and build value.
- In policy development and service delivery, citizens will be engaged directly and broadly in decision-making and value creation, replacing the top-down process that characterizes too many government processes.
- Citizen-centric government will create new roles for citizens and new prominence for citizen engagement as governance systems re-engage the citizenry, moving beyond "broadcast" democracy to a more intimate and immediate model.

That also speaks to a real shift in traditional notions of accountability and governance. If part of what the digital era offers is new ways of innovating and creating new value, can we tolerate more risk-taking, less certainty, even celebrating failures in the search for better governance? Can we welcome broader participation in the governance process, rather than treating it as either an inconvenience or a threat? Governments today are given little room for maneuvering; they will require more in the future.

I would be accused of presenting a less-than-complete picture if I did not raise two issues that undermine the ability of internetworked technologies to contribute to stronger, healthier institutions of governance.

The first is the misuse of technology by governments to erode citizens' rights to privacy or restrict their access to communications. Sadly, there are too many examples of Big Brother to be dismissive of these concerns, and citizens are right to be wary of concentrating too much information in the hands of abusive governments.

The second is the "digital divide" that exists today both horizontally across the world and vertically in countries even where significant critical mass of internet and computer access has been achieved. In the United States the new phrase to emerge is "racial ravine" as troubling data emerges about new technologies and minority groups. These are challenges that both governments and the commercial sector have a responsibility to resolve.

But I am both excited and optimistic about the future.

The great Canadian historian Harold Innis and his student, Marshall McLuhan, pointed out that new media have precipitated political changes throughout history. Innis wrote in 1953:

Monopolies or oligopolies of knowledge have been built up ...(to support) forces chiefly on the defensive, but improved technology has strengthened the position of forces on the offensive and compelled realignments favoring the vernacular.

The invention of the papyrus scroll and alphabet was a key factor to the limited democracy of Ancient Greece. Paper and the printing press led to the Reformation, the end of feudalism and the emergence of the beginnings of modern parliamentary democracy.

On the eve of the 21st century, wealth is flowing from knowledge – an asset more widely and freely accessible today than ever before. The distribution of real power, if not formal power, is changing.

We live in an era when trust in political leadership has sunk to dangerous lows, and participation in democratic events is declining in most countries. But to set out in today's environment to re-engage the citizenry without first understanding, and then embracing, the fundamental changes taking place in the economy and society will be a futile gesture.

Do not misunderstand me. It will be people, not technology, that drive the reforms that must take place. Given the tools, people will explore, create, innovate and push out the boundaries. Despite the barriers, that is what gives me hope.

In a global context, much remains to be done on the road to reinvigorated governance. The coming of the Age of Networked Intelligence will only help.