

**Is There a Viable Growth Plan for Atlantic Canada Absent an  
Immigration Strategy?**

**Remarks to the Pier 21 Lecture Series**

By

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## **Is There a Viable Growth Plan for Atlantic Canada Absent an Immigration Strategy?**

### **Introduction**

It is a great honour to participate today in the Pier 21 Lecture series. One of the proudest moments of my public service career was here on June 25, 2009 when the Prime Minister announced the new Canadian Museum of Immigration at Pier 21, and everyone in the room recognized the extraordinary vision and leadership of Ruth Goldbloom as its creator. The Prime Minister, in making the announcement, said: “Pier 21 symbolizes who we are – a nation of newcomers, newcomers bonded together by a common quest for freedom, democracy and opportunity.” Welcoming so many immigrants through the doors of Pier 21 was an amazing act of leadership by a young nation. Today, I appreciate the opportunity to share with you some thoughts on leadership in today’s profoundly changing world.

In describing leadership, Theodore Sorenson, President Kennedy’s great speechwriter, once opined: “those who wish to stand up and stand out and leave something enduring behind must build new institutions, not new images... they must look to the next generation not merely the next election... they must talk in terms of fundamental values not merely costs...they must appeal to our hopes as well as our needs, ... to what we long to be and what we know is right. That’s leadership.” And Ruth Goldbloom was that kind of leader; from community activism, she built a national symbol.

As Clerk of the Privy Council, I had the privilege of an office that faced another iconic symbol of our nationhood -- the Peace Tower. And in the Peace Tower, there is an inscription that is stirring in the power and simplicity of its message: “where there is no vision, the people perish.” Leaders inspire. Leaders mobilize. Leaders create the moral and intellectual and aspirational context for change.

Now, while leadership always matters, it matters most in times of change, in times of uncertainty, in times of great opportunity and looming risk. These are those times. We are at an inflexion point in postwar economic and political history.

### **The future is hiding in plain sight**

Today, structural trends and seismic events are reshaping economies, societies, politics, power and expectations around the globe. The future is hiding in plain sight, and the question before us is whether we have the wisdom to spot it, and the ambition to seize it. In short, do we want to proactively shape our future, or be passively changed by it? Consider four drivers of this global change and what they may mean for our future in Atlantic Canada.

First, **the globe is restructuring**. We've been saying that for a long period of time but now it is actually happening. By the next decade, 50% of world GDP will come from Asia, and China will supplant the United States as the largest economy on earth. The last time that was the case was 1700 ---quite a cycle!

The reality is that there are few firms or universities or governments in Canada that have got their minds around the meaning of this scale and pace of change. A clear case in point: 90% of our exports go to the slow growing economies of the OECD, with fewer than 5% of our exports destined for China and most of these are natural resources. Is this a viable growth strategy in a world where emerging markets are growing at double or triple OECD rates of growth, and estimates of the size of the new Asian middle class range from 600-to-900 million persons today and it is forecast to double within a decade? The answer is painfully obvious.

A practical example of what this could mean for an important sector in Atlantic Canada is tourism: Chinese overseas tourists now number 80 million, growing to 110 million by 2015 and spending more per day than Americans. But Canada ranks 14th as a Chinese tourist destination and few of these come to Atlantic Canada. What are we planning to do about this missing opportunity? There are similar missing opportunities in food and education and health care to name a few. Why should we not aim to fill 25-30% of the undergraduate places in our universities with foreign students at a time of declining regional and national enrolments?

Second is **trust**. Perception surveys suggest an enormous drop in the public's trust of leadership in many countries. It is the cumulative impact of corporate fiascos, government mismanagement, environmental failures such as BP, and the great global financial crisis. And it's not just a loss of trust in political leadership; it's a loss of trust in leadership more broadly, a sense that an implicit social contract has been violated. And that's not good.

Why? It matters because it challenges the presumption that when you say something, advocate for something, put forward a new proposal, suggest change is necessary, that people will take you at your word and work with you not question you. Higher levels of trust are an enormous advantage in a changing and uncertain world, an invaluable asset for leaders who seek to create a vision of change and break out of the status quo.

Third is **the new global competitiveness**. The old competitiveness was, quite simply, how do I produce a good more cheaply than my competitor? That's no longer what we want to do, because it is an endless race to cut costs, and unless you have the enormous scale of China or market power, it's very tough to win.

This new competitiveness is quite different: it's about innovation capacity, entrepreneurship, a sense of urgency and a global not local mindset. It is about a culture of excellence and a practice of flexibility. It is about "playing to win" not just for

exercise. It is about understanding your next big opportunity, or competitor, or partner or new idea could come from anywhere in the world.

And it is about embracing the information revolution that is changing business models in every sector of the economy, and reshaping how people communicate, socialize and learn. In an Internet 3.0 universe, we move in the words of Tom Friedman from a connected to a hyper-connected world, one where geography is less of a determining factor than bandwidth. We now bank by smart-phone not an ATM, we watch TV on the computer and when we want, we have cars that help us park and soon will assist with driving. In the emerging “internet of everything”, we will always be connected to a network, somewhere.

The fourth driver of change is **demographics**, and demographic change is something Pier 21 has in its genes. For the first time in a very long time, societies and countries are aging, but not equally and not everywhere. But why should the demographics of aging matter to you, other than personally?

Because, with a slower growing workforce comes a slower growing economy, and all that it portends for incomes, tax revenues and public goods. This is the intersection of demographics, productivity and living standards. To reverse this slowing potential growth in our economy is both blindingly simple and confoundingly difficult. Simply put: we need more and better educated people in the workforce. And given our demographics that means more immigration and an education system more geared to the needs of tomorrow.

But we are not alone in this global talent hunt. So the challenge before us in Atlantic Canada is that we have the most rapidly aging population in Canada and the lowest rate of immigration. Put more starkly, more people lived in Atlantic Canada 20 years ago than today, the rate of growth of the Atlantic labour force today is less than half the national average, and economic immigration as a percentage of the population is lower still. Not exactly a stellar foundation for strong future growth.

### **Demographics, immigration and the future**

Immigration matters on so many fronts –economically, socially, culturally. The diversity it generates strengthens everyone, from start ups to mature companies, from classrooms to research labs, from literature and the arts to cuisine, from communities to countries. While Canada boasts the highest percentage of foreign-born citizens of any G-7 country, if we are to successfully tackle our aging demographics, we need to increase our working age population growth on a sustained basis.

Consider for a moment that 18% of the Fortune 500 firms today in the United States had immigrant founders, and a further 22% were begun by the first generation children of immigrants---that’s over 200 of the largest, most profitable, most dynamic companies in the U.S. In the same vein, 25% of all successful technology start ups in the U.S. since 2000 had a foreign born founder or co-founder.

The pivotal importance of immigration was front and centre at our 4Front Atlantic Conferences and in its Action Plan “At the 4Front”. To refresh memories, 4Front Atlantic is about private sector leadership. As the 200-plus business leaders from across Atlantic Canada who were engaged in the three conferences continually re-affirmed, any sustainable drive to lift this region’s prospects has to come from within, from an energized private sector, acting in collaboration with strategically minded governments and some of the best universities and colleges in the world.

The vision was embedded in the 4Front Action Plan, a Plan with five focused elements to drive change: **going global; unleashing innovation and productivity; access to capital; smart government; and talent.** The business leaders engaged in 4Front were both concerned about the future if we held to the status quo, and convinced that there is no reason that Atlantic Canada cannot diversify its trade, improve its innovation, be a world leader in talent, fund innovative new start ups and find more common purpose among the four governments of Atlantic Canada. But this will take broad-based leadership, and necessitate public engagement about the “why, the what, and the how” of the required changes.

Immigration is an integral part of the 4Front Action Plan. We believe strongly that “an essential element of building a competitive talent advantage in Atlantic Canada is immigration”. Given our demographics, we need dramatically higher levels of economic immigrants to increase our labour force growth, expand our capabilities and stimulate more entrepreneurship, and this is not possible without a clear and focussed strategy. And it can be done--Manitoba’s progress is an inspiration and an example to us.

### **Anchors for the Tides of Change**

In short, we all live in a world experiencing an unbelievable pace and scope of change, whether we like it or not. A new multi-polar world is unfolding towards a future that is anything but preordained.

In this vein, Stephen King, Chief Economist of HSBC and the author of a new book entitled “When the Money Runs Out”, makes a case for an “optimism bias” in official forecasts from governments. The basis of his argument is that these projections too often assume that governments will make the difficult structural changes needed to restore potential growth whereas most Western governments have evolved into an excessive focus on the short term, with publics that expect generous future entitlements without cost or pain, and in such circumstances, these same governments have steadfastly demonstrated a willingness to talk about, but not undertake, longer term reforms. King reminds every one of the intemperate 2006 claim by Gordon Brown, then Chancellor of the U.K. Exchequer, that “boom and bust had been eradicated from the U.K. economy”, noting dryly that Brown was half-right. We can do better.

Indeed, this changing world provides an opportunity for Atlantic Canada not just a challenge. We need not, and should not, be a passive bystander to these global shifts. Our biggest risk may be not taking a risk. And we have a balance sheet with many assets.

Our “capital” in Atlantic Canada is much more than traditional definitions of bricks and mortar. It encompasses our intellectual capital to create new goods and services, or new ways to produce them, or new markets to sell them. It includes our natural resources, whether its pristine beaches or agriculture or fish or oil and gas or sophisticated technology services in a world that desperately needs them. It counts our excellent institutions of education, scholarship and research. But its glue is the human capital in Atlantic Canada --- the quality of our workforce, the entrepreneurship of our business sector, the dedication of our public servants, the insights of our educators, and our values and way of life.

## **Conclusion**

Our country needs the energy, the ideas, the hopes and the dreams of new Canadians, just as we have benefitted so much, in so many ways, from those who passed through the doors of Pier 21 to a new land, a new home, a new future. As we focus on how to make Atlantic Canada a more promising place for the next generation to live and work, so they can realize their potential here not elsewhere, let’s not forget the pivotal role that immigration played in our past, and must do so again, if we are achieve our vision for Atlantic Canada.