"Connecting Communities, Creating Opportunities"

Speaking Notes for AIMS President Brian Lee Crowley's talk to the

Communities Uniting: An Atlantic Multicultural Conference

Halifax, 7 November 2003

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Ladies and gentlemen,

Thank you for the opportunity to be here, and let me congratulate the conference organisers on having taken this important initiative. As I will explain in a moment, the issues that this conference will deal with are among the most important that our society faces, and the way that we respond to the challenges of immigration, diversity and population change will literally determine whether we as a society live or die.

A dramatic statement? No doubt. But I think a true one. Since I have been asked to talk on the theme of *Connecting Communities, Creating Opportunities*, let me begin my effort to convince you that I am right by talking about the idea of opportunity, and particularly economic opportunity, the lifeblood of every living, breathing, thriving community. I don't mean to suggest that economics is everything — it is not.

On the other hand, without economic health and robustness, communities wither and die, as their members are attracted away to other places where they can pursue their happiness and security with greater success. Unless we get our climate of opportunity right, the only option open to us is the more or less competent management of genteel decline.

So let me talk about how the notion of economic opportunity has changed in the last quarter century or so.

It used to be said that the three most important things affecting the value of a home were location, location and location. But according to Sam Staley, a friend of mine who is a brilliant policy analyst looking at the future of cities and urban government, the three most important things now affecting the future prosperity and development of human communities are technology, technology, and technology.

This is not because everybody is going to be a high tech entrepreneur – not every community will become Silicon Valley – after all Silicon Valley is itself an illustration of the truth that location still matters, even in the high tech world. Otherwise, why is there this huge geographic concentration of nerds and their bankers?

But the fact remains that the one thing that most dominates the economic landscape now is technology. Technology is doing more than anything else to release people from the traditional constraints on location. With the Internet and Worldwide Web, teleconferencing, video communications devices, cell phones, etc., people (and companies) have more freedom to choose how they want to be organized, where they want to be located, and who they want to be close too. We already see this happening in turnkey manufacturing processes where companies may not even own or run the factories that produce their own products. They contract with suppliers located all over the world for parts and assembly. This

freedom has always been a feature of many kinds of service providers, and now it has been extended to manufacturers as well.

Technology is fundamentally changing the logic and nature of location. The logic of location is shifting from the commercial realm to the personal realm. Fewer and fewer people need to be in a specific location to do a specific sort of work.

This has meant that "place" is far more important now than it has been in the past. Companies may still have a need to concentrate some workers, but the thresholds of concentration are much lower because products (and services) are becoming increasingly compartmentalized and specialized. This means that more functions can be handled in remote offices as long as mechanisms for accountability and quality control can keep pace. This also means that individuals are able to exercise much more choice and discretion in their decisions on where to locate their businesses and families.

This means that, unlike in the old days when cities could count on natural advantages (location at a port like Montreal and Halifax, or the end point of a major navigable stretch of river, like Kinshasa in Zaire where I used to work for the UN, or location near natural resources that are expensive to move in their unprocessed state, such as Sudbury, or Prince George), or manmade ones (rail junctions, highway intersections or physical concentrations of industries, such as automobiles in Detroit or southern Ontario, financial services in New York and Toronto, etc,),

people more and more now choose locations rather than locations choosing them.

This creates an environment for communities that is far more dynamic, fluid, and difficult to manage than before. So, communities need to be adaptive and flexible, allowing for innovation to occur spontaneously. They need to be far more attuned to what makes people want to live in particular places than they ever were before. They also need to be attuned to the kind of people that they are trying to attract, which means following, among other things, demographic trends, fashion, taste and culture. Cool increasingly matters. And they need to remember that the technological changes and the ease of movement I've described not only mean that communities that get it right will enjoy substantial growth and development, but that those that get it wrong will more quickly suffer the ills of decay, economic decline, population loss, falling property values, etc.

Increasingly, for communities, the real imperative lies not in luring institutions, or giant employers, but in finding ways to retain and attract enough workers with the necessary "knowledge" that now constitutes the prime economic imperative. This includes skilled workers in finance, advertising, graphic arts, entertainment, and internet firms, essentially the artisan businesses of the postindustrial era. The real fabric of the city now is not created by the giant organisations, but the dense web of little boutique businesses that can and do do business continentally and internationally.

Moreover, the waves of change that wash over industry after industry around the world are going to continue accelerating, meaning that an industry that looks stable and prosperous today can quickly lose its sheen and its energy. Look at how quickly Northern Telecom and Enron have been transformed, each in their own way, how the mainframe computer industry disappeared with the development of the PC, how September 11th devastated the airline industry, etc., etc.

In other words, the only true constant in the economy is you and me – the people that make it up, and our ability to adjust to changes in our circumstances driven by natural events, economic adjustments, changing consumer tastes, technological change and a host of other factors.

And the work of Richard Florida[1] and his colleagues on economic growth shows that there are strong relationships between creativity, diversity, talent and technology-intensive economic activities on the one hand, and economic growth on the other. To quote a recent paper, "Creativity has replaced raw materials or natural harbours as the crucial wellspring of economic growth. To be successful in this emerging creative age, regions must develop, attract and retain talented and creative people who generate innovations, develop technology-intensive industries and power economic growth. The ability to attract creative people in arts and culture fields and to be open to diverse groups of people of different ethnic, racial and lifestyle groups provides distinct advantages…"

So when we ask ourselves about connecting communities and creating opportunities, we are not talking about mere parochial concerns, but of broad trends sweeping the world and how we will respond. The simple fact is that we, Atlantic Canadians, are struggling to renew our society. This is no doomsday picture I am painting, but there can be little doubt that we have lost vast numbers of our children and we have failed to attract even a fraction of our "share" of immigrants to compensate. The number of Atlantic Canadians within the Canadian population has declined relatively for many years. In the past decade, it had declined in absolute terms in Newfoundland and Labrador, and it will do so relatively soon in the other provinces in the region, as I will explain in a few moments. So in my view, when we raise the challenge of immigration, of diversity and of multiculturalism, we are only secondarily asking about people from away and how to attract them. We are asking first and foremost what it is *about us* that we cannot our children nor attract newcomers, nor keep more than a third of those who do come.

As Edmund Burke said, when observing English society threatened by the social forces unleashed by the French Revolution, we must reform to preserve. And what he said over 200 years ago is precisely the message that we in Atlantic Canada must reflect on and, I hope, embrace. That if we truly believe that there is something unique and precious about our society, something worthy of celebrating and preserving, that there must be people to whom we can pass on that heritage. And if we want people to be there to pass on what we value, we must adapt, we must change.

For example, Atlantic Canadians, used to thinking of their region as a source of immigrants for other societies, have given far too little thought to the value of attracting others to come here.

Yet given the benefits that immigrants confer on the societies they choose, it is almost impossible to imagine having too many of them. In fact, our problem is precisely the opposite: in the 20th and now the 21st century, we have attracted far too few of them. Our social, economic and cultural development has been held back as a result.

Look at the relationship between provincial economic growth and immigration, for example, and some things leap right out at you. For instance, those provinces with the weakest economic growth and the highest unemployment also happen to be the provinces where native-born residents make up the highest share of the population. Put it the other way around, and we can see that those provinces that have grown the most economically since the Second World War are also the ones that have welcomed the largest share of immigrants. In one sense, that is understandable.

When immigrants choose where to move, they go to places with lots of opportunity. That means that Ottawa and Toronto and Montreal and Vancouver and Calgary have proven irresistible magnets for millions of immigrants. But immigrants don't just take advantage of existing opportunities, they also create them, as Richard Florida's work suggests. As I like to say, one of the great contributions of immigrants to their new society is that they bring new eyes, they see opportunity where we locals see only the unremarked wallpaper of our too-familiar lives. It is thus no accident, in my view, that CFAs (CFA is our local slang exprsssion for outsiders or "Come From Aways") are so heavily represented in

leadership roles in our business community, for example. The Hector Jacques and the David Graces and the Ken Rowes and the Grace Whites and others saw something here that no one before them had seen, and built something new and fresh and exciting.

Growing immigration is a sure sign of economic and cultural dynamism. The offshore oil and gas industry, for example, will need to bring in a lot of people from Alberta, Texas, Scotland, Norway and many other places. They will bring with them a wide set of skills that they will pass on to Atlantic Canadians.

Many of them will find the region to their liking and stay. And in due course, people from here will travel the world to new oil and gas discoveries, sharing the knowledge they will have gained from an earlier wave of immigrants.

If the history of Calgary is any guide, we may well see tens of thousands more people in metropolitan Halifax in the next decade or so. They'll not only bring their specialized technical knowledge, but also their salaries, their demand for housing and cars and restaurant meals. They will bring new expectations for their children's schools, the pace of business and the quality of public administration. The prosperity that they will create will ripple out through communities far beyond Halifax.

But they don't *have* to come, and indeed have largely stopped coming, at least from other countries. In Nova Scotia, to take just one example, immigration has dropped dramatically since the mid-1990s, while other provinces have become more aggressive in recruiting newcomers. In 1998-99, for example, this province attracted a mere 1,624 immigrants out of a total of 173,011 that came to this country that year — less than one percent of the total. In 2001, Nova Scotia got about two thirds of one percent of the immigration to Canada, New Brunswick, one third of one percent, Newfoundland 16 one hundredths of one percent, and PEI 5 one hundredths of one percent.

I agree that our provincial governments need to pursue this as a matter of urgency, in concert with Ottawa, especially when we can see that some provinces of similar size, such as Manitoba, have enjoyed noteworthy success in attracting skilled immigrants. Governments can make a difference.

But we err when we think that immigration is first and foremost an affair of governments. It is an affair of society, one that depends at least as much on each one of us and our values, as it does on any government policy. That's why I want to suggest to you that the key question we are really here to wrestle with today is not "Why don't they come?", but rather "Do we really, in our hearts, want them to come?"

After all, are we not a relatively poor society with limited economic and job opportunities? Pollsters who plumb the depths of our collective psyche on a regular basis will tell you that Atlantic Canadians are actually quite resistant to change, because they believe it always works against them, never in their favour. We have an inferiority complex, in which we always claim that this is the best place in the world to live, but secretly resent the success of other places and know in our hearts that our reality doesn't match our self-congratulatory rhetoric, or we wouldn't be having this conversation here today.

Lots of people will tell you that, while immigration is all very well and good for Toronto and Vancouver, it's not right for this region, which has a serious unemployment problem. While they don't put it this way, ***they really believe that opportunity is a zero sum game, that if someone comes here and does well, it has been at the expense of someone else.*** We talk constantly, indeed I would say obsessively, about how friendly we are, and yet I personally find that hard to reconcile with our society's obsession with the CFA, the threat they represent, and their vaguely unseemly intervention in

local life which, while occasionally tolerated, is rarely celebrated and is almost always feared for the portent of change that it is. I know this to my cost, because I am a CFA. I know what I'm talking about.

Indeed, it is true to say that there has been a very great deal of well-intentioned policy put in place here, based on the notion that the primary public policy problem facing the region is local unemployment, and that we needed to preserve old ways and old jobs, and keep them reserved for the locals as much as possible. Now I don't think that this policy was ever justified, but I want to tell you why it is indisputably the wrong policy today. The world is changing and Atlantic Canada is part of that change.

Demographic trends are such that most of the industrialized world[2] faces very significant labour shortages today and in the future. That, and not unemployment, is the public policy challenge of the future.

Atlantic Canada has not been spared these trends. Using conservative assumptions, by about 2010, there will be 7,800 fewer workers in Newfoundland, 12,500 more in Nova Scotia, approximately 3,000 fewer in New Brunswick and roughly 3,000 more in PEI. But look out 20 years, to 2020, and there will be 32,000 fewer workers in Newfoundland, 11,000 fewer in Nova Scotia, 35,000 fewer in New Brunswick and little change in PEI.[3] Most industries, *including the fishery*, are forecasting significant challenges finding workers in the near future, and employers regularly report to pollsters that they have significant difficulties finding people with the proper skills who are willing to work at prevailing wages.[4] Those of you from Nova Scotia will recall that the Halifax Herald ran a week-long series on the front page of their business section about the labour shortages that exist in industry after industry, including for blue collar workers in skilled and semi-skilled labour.

The region's labour shortage is real; it is driven by poorly designed social programmes and a mismatch between the skills that workers possess and those that employers need. For this region to prosper, it must be possible to recruit workers who bring needed skills that are in short supply to the region, in addition to a number of other policy measures that I have laid out in my recent paper for the TD Forum on Canada's Standard of Living.[5] This recommendation flies in the face of a political culture that still clings to the outmoded idea that unemployment is the most significant challenge facing this region. On the contrary, responding to labour shortages is now the chief economic problem that we face. And while immigration can only be a modest part of the response, it is an important part.

Let me shift the focus now for a moment to the kind of stability, commitment and diversification that an immigrant population here for the right reasons can bring to a community. In this regard, this region in general, and Nova Scotia and Newfoundland, on the cusp of significant oil and gas development, in particular, have some lessons to learn from Houston, a city that had tied its future to energy. With the collapse of energy prices in the early 1980s, the once-booming Texas metropolis appeared to be on the road to economic oblivion. Yet the city has rebounded—in large part due to immigration and international trade.

Remember that in an era of ever freer international trade, such as ours, trade grows significantly faster than national economies. An era of free trade is an era of increasing specialisation. It is also an era that rewards communities with strong international networks and that are easily accessible. Like some other cities in the region, Halifax can be all these things, with its port, its airport, its international communications connections, but for far too long it has been too insular as an economy, and it has failed to attract the immigrant population that has helped others to diversify their economy in this era of free trade.

Since 1986, tonnage through the Port of Houston has grown by one-third, helping the city recover the

jobs lost during the "oil bust" of the early 1980s. Today trade accounts for roughly ten percent of regional employment and has played a critical role in the region's 1990s recovery: three years ago a city renowned for its plethora of "see through" buildings ranked second in the nation in total office-space absorption and third in increases in rents.

As in Miami and Los Angeles, the city's growing immigrant population has enhanced the expanding trade sector. Between 1985 and 1990 Houston, a traditional magnet for domestic migrants, suffered a net loss of over 140,000 native-born residents. But the immigrants kept coming—nearly 200,000 over the past decade, making the Texas town among the seven largest immigrant destinations. In the process, Houston became one of America's most diverse cities.

In contrast to American-born Houstonians, immigrants saw the region's depression as an enormous opportunity to pick up real estate, buy homes, and start businesses in fields such as food processing, distribution, and electronics assembly. Suggests one such immigrant:

In the 1980s everyone was giving up on Houston, but we stayed. It was cheap to

start a business here and easy to find good labour. We considered this the best

place to do business in the country, even if no one on the outside knows it. ...

When the oil crisis came everything dropped, but it actually was our chance to

become a new city again.

But how do we get them to come, these precious immigrants, these people over whom virtually the whole developed world is fighting? I am deeply sceptical that we can bring in the immigrants we need through compulsion or crude incentives; rather the key is to create a *climate of opportunity* that is attractive to immigrants. I cannot underline strongly enough that what I am describing is not an *immigration* policy. It is a *prosperity policy*. Doing what is right for Atlantic Canadians will also be the right thing for attracting immigrants, including a reduced tax burden, a culture of education, a lightening of the regulatory burden, including on newcomers' access to many regulated professions, would all be powerful recruitment tools. Attracting highly skilled professionals and entrepreneurs from elsewhere will also both help to fill skills gaps while generating economic activity that can help employ less-skilled workers currently unemployed or underemployed in the less-developed provinces like those in this region.

Let me give you just a tiny example of the practical obstacles to a local culture of opportunity in a competitive world. I recently tried to hire a young professional from Ontario to work for my Institute. When he compared Nova Scotia income taxes to Ontario's, he saw that on an income of $52,000, he'd pay $2160 more in income and payroll taxes than in Ottawa, where he now lives.

His wife, an expat Maritimer, earns an equivalent salary, so moving here they'd run the risk of her getting a lower salary, because salaries *are* lower here, or maybe not finding work at all. If she did find equivalent work, you can double the tax penalty I've mentioned, a penalty, I hardly need to remind you, that is repeated annually, and becomes more onerous as you become more economically successful. And they'd also pay more for gasoline, wine, electricity and a whole host of other things. Apartments are just as expensive as many parts of Ottawa, and houses on the Halifax peninsula are no bargain.

They decided to stay put, creating value for the Ontario economy, and paying taxes to Queen's Park.

Lots of young Maritimers find that proposition attractive too, driven in part by those big tax differences. And you know, immigrants can count just as well as anyone else. This is the opposite of a culture of opportunity.

Let's look now at how we talk about immigration in official policy circles. In my view, governments in this region have not yet put the recruitment of immigrants high enough on their list of priorities. Provincial nominee programmes and ESL training are all very well and good and important in themselves. But such agreements are not enough in themselves, because immigration is not chiefly a matter of jurisdiction, but of people and therefore of the heart.

Immigrants are people who uproot themselves from their homes in search of a better life, or else are forced from their home and must make a new life for themselves against their wishes. That helps to explain why immigrants tend to congregate in specific cities. People don't move to places they've never heard of, so one of the most powerful attractions for immigrants is whether there are people like them in a new community, and those people have sent back reports that people like them can prosper there.

Moreover, prosperity, while important, is not the only thing that matters. While immigrants may have left their home, they have not stopped being who they are. Integration into a new place is usually made easier by the existence of an established community from their home country in their new home. I was discussing this just the other day with someone from Ghana, who had come here with his family, but was now moving to Toronto, I asked him why and he said something very simple, but very poignant. "***It was too lonely"***, he said. He could make a living and all the rest, and he could cope with the winter. But he and his family couldn't cope with knowing no one who knew what it meant to be Ghanaian in Canada, someone with ties to the old country, someone with experience here who could help them deal with the bureaucracy, someone to have them to their homes, to make them feel like they belonged. In Halifax, Ghanaians number at best in the dozens. In Toronto, they may number in the thousands.

That is why we make a mistake when we think of immigration in our typically Canadian way as chiefly a matter of jurisdiction and intergovernmental relations. As long as we do that, we will fail to attract people to areas outside the MTV destinations, *because governments don't immigrate, people do*. And people come to make themselves better off, but need to find a supportive environment *to lower the emotional cost* of that improvement in their economic prospects. **Being made to feel wanted and welcome is the strongest pro-immigration policy there is.** So in order for immigration to move outside the big MTV centres, we need opportunity there, we need to work the communications networks from existing immigrants to reach back into the home countries and make smaller centres known as places where new people can prosper, ***we need to foster immigrant communities, and not merely individual immigrants***. We don't need policies that try to force people to go where they do not want to be. We must give them good strong reasons why they want to be elsewhere than they have traditionally gone.

And we must break out of our inferiority complex and its unhealthy preoccupation with the CFA and the belief that anything someone else has is at our expense.

Every time you limit the number of taxi licences because it is more important to protect the incomes of those who are already taxi drivers at the expense of opportunities for new drivers;

every time you raise the professional qualification for hairdressers to protect the incomes of the existing hairdressers at the expense of those who would make a business from it if they were allowed;

every time we throw obstacles in the path of foreign professionals getting their credentials recognized in

order to prevent the locals from having to confront more competition; and

every time you hire someone because they're from here or you know their parents rather than because they are the best qualified for the job,

every time we take any one of these actions, we are signaling both to newcomers and to our own children that this is a place where *being from here* and *who you know* counts more than *what you know* and *what you can do*. And when we do those things, both our young people and our immigrants rapidly understand that this is a culture, not of opportunity, but as I said at the outset, of the management of genteel decline.

I want to be clear: immigration and openness to diversity will not solve all the economic problems that we face. But it is an indispensable part of the solution. Most of the workers that are available to us will be people from the region who will move into the growing urban centres, and so everything that I have said about openness to newcomers applies in spades to hitherto undervalued or marginalised communities right here on our doorstep, such as our aboriginal and black communities. When I look at the tremendous contributions being made here by, say, Bernt Christmas, or Senator Don Oliver or Acadian entrepreneurs like Bernard Imbeault, I know that we cannot afford to overlook ***anyone*** – every person is needed, must be treated with respect, and particularly must be equipped with the very best education we can manage, for their sake as well as everyone else's. They too have to feel that our society is an open one that welcomes what they can bring to it.

But there will be a vital leaven that only migration from the rest of Canada and immigration from the rest of the world will provide. And in a world of labour shortages, such as we face, we will be in competition for those highly valuable immigrants with much of the rest of Canada and the industrialized world.

Just to get a reasonable share of those immigrants will require us not just to negotiate the right intergovernmental agreements. It will mean recognising that first and foremost immigrants seek opportunity and will flee places that try to treat them as mere chess pieces to be moved where government officials want them to be. So we must create that "climate of opportunity" that will serve the needs of our own children and of our newcomers. Then we as a community will have to learn, humbly and sincerely, to cultivate our existing immigrant communities (including, very importantly, our foreign students) and make them willing and enthusiastic ambassadors to their home countries. And finally it will require us to minister to the "needs of the heart" of these new members of our community. If they feel they cannot belong, if they feel that they will forever be relegated to the status of CFAs, and if they feel that there can be no slaking their thirst for at least a few people like themselves, no government policy, no matter how "innovative" or "creative" will attract or keep them here. Thus, to return to the title of my talk this evening, it is truly only by connecting communities that we can create the opportunities that we all crave for ourselves and our children.

Thank you.

[1] See e.g. *Competing on Creativity: Placing Ontario's Cities in North American Context* (a report prepared for the Ontario Miniostry of Enterprise, Opportunity and Innovation and the Institute for Competitiveness and Prosperity), by Meric S. Gertler, Richard Florida, Gary Gates and Tara Vinodrai, November 2002. [2] Evidence from the Centre for Strategic and International Studies (CSIS) Commission on Global Aging suggests that industrialized countries face an unparalleled transition brought about by rising old-age dependency and a shrinking working-age population. Not only will the care infrastructure for supporting dependent elders need to be improved, but also societal aging could have sweeping implications

for global growth. A decreased labour force and a decreased overall national population, which will in turn affect the tax base for national economies, will all threaten global financial stability. For details please visit the CSIS website, http://www.csis.org, accessed in July, 2002. [3] See my Institute's paper *Population Change in Atlantic Canada* by Denton, Feaver and Spencer (1998), available at www.aims.ca/Publications/Population/aims_dem.pdf. [4] For more information, see a recent book from my Institute by Fred McMahon, *Retreat from Growth,* (p. 99) available at www.aims.ca/Publications/Retreat/toc.htm, and Mallet (2002). [5] Available at www.aims.ca/Media/2002/proct1502.htm