

David Crane Speaking Notes
February 9, 2010
“Mississauga Works”
Mayor’s Jobs Summit

It is a pleasure to be here and an honour to participate in a summit designed to deal with the big challenge we face here in Mississauga and across the province – how to achieve economic opportunity for all with good jobs at a time of enormous economic change.

This challenge is especially relevant today as we seek solutions to the high level of unemployment in the community, with all the human and financial costs that unemployment brings. We have to restore hope for the future.

The City of Mississauga, Mayor Hazel McCallion and all of those involved in organizing this summit are to be congratulated because there is much that cities, and city-regions, can do when members of the community work together in common cause.

My own connection with Mississauga goes back to before it was officially born. As a young university student I moved into a job with The Toronto Telegram to write editorials. The very first editorial I wrote, and the first thing I had ever written that was published, was about what to call this new community emerging on the west side of Toronto. I wrote an editorial which ended with the clarion call, “let this new community be called Mississauga”.

Now I don’t have to tell anyone here that we are experiencing a **transformative change in the global economy**. We can see it all around us. What it means is that we must build a new economy, here in Mississauga and across Ontario. We cannot turn the clock back.

China, India, Brazil and other emerging economies will play a much bigger role in the world economy – and become much stronger competitors as they move up the value-added ladder. They are making big investments in education, infrastructure, science and technology, business skills and productive capacity to improve the standard of living of their populations.

But what we are also seeing is that the **U.S., Europe, Japan and South Korea are also engaged in a much more intensive effort to build new industries, grow new companies, and seize leadership positions in new technologies.**

In other words, we are facing a **much more competitive global economy**, and one where we can only do well by creating an environment for innovation and embracing innovation. We don’t have a choice if we are to avoid being sandwiched being squeezed from below by the emerging market economies that are become more skilled and competitive and from above by other advanced economies that are responding to change faster than we are.

The future global economy need not be a zero-sum game for us. For as the new economic players grow, and their living standards (and costs) rise, they will also **represent growing opportunities and markets for enterprising companies here**. What we have to do is to **move from a North American mindset to a global mindset**. Globalization can work for us if we are smart, enterprising and innovative.

This means that in this world of intensifying competition and global value chains, our goal must be to capture opportunity through innovation at the high-value part of the value chain. In many ways, this is what is meant by the knowledge-based economy.

Innovation, of course, is about much more than new technology. It is about investments in a wide range of knowledge activities, from research and development, engineering and design to market research and marketing, brand development, training and skills development and business model development. We call these intangible investments and even in manufacturing investments in intangibles have become more important than investments in capital equipment.

Mississauga is well placed as part of the Greater Toronto Area, with a population of roughly 6 million people. It is located in one of the great industrial belts of North America, one of the important financial centres, one of the centres of learning and research, one of the centres of enterprise. The GTA is one of the nodes of the North American economy. Now it must become one of the nodes of a global economy.

(As an aside, after Sarah Palin cited her brief experience as Governor of Alaska as qualifying her for the job of vice president of the U.S. – and potentially president – I checked out the population of Alaska and found that it was slightly smaller than Mississauga. On that basis I concluded that this made Hazel McCallion, with her much longer experience, qualified to move directly into the White House.)

We have to think as a region. Too often, there can be a zero-sum mentality – that if Markham gets an investment instead of Mississauga, or Mississauga gets an investment instead of Toronto, then there are losers as well as winners. The reality though is that any investment or activity that occurs anywhere in the GTA benefits all of the GTA. So we must always have a positive-sum mentality.

But what can cities or city-regions do to improve their competitiveness, sustainability and inclusiveness in this time of transformative change? This is what today's summit is about.

Mississauga has already done something that is quite important. It has identified its main sources of economic activity, through a lengthy community-wide consultation process, and out of that has developed an overall economic development strategy and sector strategies as well – focusing on its 4 knowledge sectors: Life sciences, ICT, finance and auto/aerospace.

What's critical, though, is that any strategy has to be continuously assessed and updated because economic circumstances change, technologies change, exchange rates change, demographics change – there is simply ongoing or constant change.

The automotive industry is a good example. Three years ago, the industry was doing well. Since then we have had massive bailouts and a significant shrinkage in the size of the industry in North America. Assembly and parts supplier plants have been closed, thousands of workers have lost their jobs, and many others have seen their pay and benefits cut.

Going forward the big growth markets will be elsewhere, in China, India, Brazil and Mexico, for example, while North America still has excess capacity. Canada, and to a lesser extent, the U.S. will be mature markets with limited growth prospects.

Moreover, climate change and energy security are forcing a major redesign of automobiles, and many of the key technologies and their components will change.

So can we in Ontario, and in Mississauga, then, count on the auto industry as much as we felt we could just three years ago? That depends in large part on the ability of our component manufacturers to design competitive new proprietary technologies and to adopt the most advanced manufacturing systems – in other words, become more knowledge-based.

But looking forward, what are some of the things that a city or city-region can do to bolster competitiveness and opportunity?

There are several things that should be done. I'll give a few examples.

1. Education

One is to ensure a high-quality education system. In a knowledge-based economy we need people with a high level of competence, a strong level of curiosity, a love of learning and the self-confidence to adapt to change.

The most important years, in many ways, are the earliest years, when the foundations for learning are set. So much more attention is needed to the earliest years. This is when the trajectories for lifelong learning and health are set. So if we want a high quality and healthy adult population we cannot wait until young people reach college or university. We must start much earlier when the foundations are being set and the basis for both cognitive and non-cognitive skills established. James Heckman, the Nobel Prize winning economist has demonstrated that the highest rate of return in education comes from the investments made in the earliest years. So Mississauga could work to be a leader in providing its youngest citizens with the best start in life.

Moreover, there are significant opportunities for innovation in our school system, in both primary school and high school. While the quality of teachers is the most important factor in success, there is much that can be done to improve learning and spark curiosity by clever use of the Internet and digital learning programmes as well as using these technologies to improve the capabilities of teachers.

So a challenge for Mississauga is to become a leading city for high-quality learning, based on innovative use of new technologies as well as ongoing programmes to improve the capabilities of teachers.

Another challenge is to restore the place of the arts – drama, music, choirs, painting – and sports in the school system. These are important parts of learning, imparting creativity or leadership skills, but we have been losing them. Creativity is especially important for a knowledge-based economy. We can be reasonably confident that young people will be fast learners in adopting new technologies. But imparting the experience and stimulus of the creative arts remains an important school experience.

Creating the best school system in Ontario is one kind of ambitious goal that Mississauga could set for itself.

Moreover, we need a strong ethic to ensure the best outcomes for all – in countries such as Finland, teachers are responsible for ensuring that every student advances to the best of his or her capability, with extra classes if need be. The teacher must be constantly aware of how every student is doing to ensure that all succeed to the best of their ability.

In our system, we tend to sideline the students most likely to do poorly, rather than making the extra effort to help them advance and improve their life chances. Yet in our aging society, we cannot afford to – in effect – write off a part of our youth population through neglect.

We also need to pay more attention to practical or vocational education. We will need more skilled workers who can learn trades. So we should be working to enable young people who want to choose this path to do so, and to make the transition to the next stage, such as apprenticeship, much easier, and at an earlier age. This same system should enable adult workers to upgrade their skills or learn new ones.

Our post-secondary institutions – universities and colleges – are, of course, an essential part of a community's prospects for economic success and this will be true even more so in the future. So Mississauga economic development strategy has to include a close partnership with its post-secondary institutions, notably the Erindale campus of the University of Toronto and Sheridan College.

They not only provide many of the knowledge workers and innovators that the city needs, as well as generating new knowledge. They can also be key consultancies for local companies trying to solve technological, organizational or other problems as well as providing a meeting place for company and university researchers to collaborate in problem-solving. This is an area where much more can be done.

The university and college can also play an important role in helping workers upgrade their skills or develop new skills. So they should be active partners in community efforts in labour adjustment of the sort we are facing today.

To reiterate, a good university or college is an essential asset in a knowledge-based economy, and these institutions must be key partners in economic development strategy.

Here in Mississauga I would expect at some point that the University of Toronto Erindale campus will become a separate university in its own right. I recognize there are branding issues – the University of Toronto degree is widely recognized. There are also complications in collective bargaining arrangements. Nonetheless, I believe it would make sense for Erindale to become a separate university, though this is a subject for a future debate.

2. Infrastructure

It is widely recognized that high quality infrastructure, from transportation and energy to water and telecommunications, is essential for successful economic development.

There are three areas where, it seems to me, that Mississauga could lead in infrastructure.

It can play a leadership role in developing a 21st century GTA-wide rapid transit system, based on advanced technologies and smart cards, to improve mobility and productivity across the region. Such a system should reduce costly congestion and align with the need to reduce greenhouse gas emissions. Such a system, once in place, would also enable Mississauga to consider the viability of congestion charges or other pricing systems to control traffic flows on key traffic arteries.

But in addition to the need for a much more efficient GTA-wide transit system, we need to find new ways to bring public transportation to low-density suburban developments.

One possible way would be to introduce jitneys or small vehicles that could bring residents to and from subdivisions to shopping centers and major public transportation hubs connecting commuters to the GTA rapid transit network. This is necessary to ameliorate past mistakes in land use – here I am talking of low density housing, especially the fad for large lots in the 1970s and 1980s, and the failure to make much greater use of mixed use zoning so that housing, commerce, shopping, schools and other amenities were integrated rather than separated.

Second, there is also a great opportunity for Mississauga to position itself as a testbed for a fibre-to-the-home network, backed up by serious high-speed broadband in a bold public-private initiative. Telcos and cable companies today are doing a poor job of delivering high-speed broadband of at least 100 megabits per second, while there is a serious gap in moving to the last mile – taking fibre directly into homes, offices, industry, hospitals and schools.

Why can't Mississauga require all new construction projects to include the infrastructure that will bring fibre right into the building, the home, office, school or other entity? A high-speed fiber-to-the-home network could mean huge advantages to consumers and producers in smart electric grids, more monitoring of health in the home (especially important in an aging society), greater access to two-way digital learning, skills upgrading and professional education for teachers and others.

As the OECD said in a recent report, “future innovations in many sectors will be linked to the availability of high-speed competitive data networks and the new applications they support.” By striving to make Mississauga as early testbed for point-to-point fiber-to-the-home network, Mississauga could not only improve the lives of those who live here but also stimulate the development of new industries and applications, and the jobs that go with them.

A third infrastructure challenge, which again calls out for innovative approaches, is to plan for an aging society in which older residents can live decent lives with the services, including housing, transportation, health care access and recreation, they will need. In Germany, in some developments, they are even building what might be called playgrounds for seniors, places for exercise and recreation for older people.

So in both education and infrastructure there is a great need for innovation. Yet as we all know, where there is need there is also opportunity. In effect, by pursuing innovation in these areas, we would also be creating opportunities for entrepreneurs and innovators to create new businesses. And other areas can be identified, such as advanced systems for waste management, green buildings and energy from waste.

3. Entrepreneurship and innovation.

This brings me to my third area where a city can make a difference. And that is in helping to create an environment that supports and encourages innovators. We know we are not going back to yesterday's jobs. New jobs will come from new activities, within existing businesses or from new businesses – in-house entrepreneurs or new entrepreneurs.

What is remarkable about Mississauga is that it has many entrepreneurs. To get a flavour I went back and looked at the Mississauga based companies that had received IRAP grants of \$25,000 or more (the limit in any one year is \$1 million) since 2006 and found about 70 companies covering a wide diversity of innovative business activities.

IRAP stands for Industrial Research Assistance Programme. It is a federal programme that provides grants to companies to help them develop new technologies or to adapt technologies. Its purpose is to boost innovation among small and midsize companies.

In Mississauga I found IRAP-supported companies like Cymat Technologies, an advanced materials company that manufactures specialized aluminum foam for use in a variety of industries, Lyngsoe Systems, a world leader in RFID technology, Axiomatic Technologies Corp. which produces electronic controls for industry, Clear Spider, which designs web-based inventory management systems, Pressure Pipe Co., a world leader in assessing the state of aging water and wastewater pipelines, GS Die & Design, which designs automated tools for the metal stamping industry, WinMagic Corp., which develops encryption software. Covalon Technologies, a medical biosystems company that has developed biomaterials for the treatment of wounds and recovery from surgery and time-release drug delivery coatings for medical devices, and Tierone OSS, which has developed a system for marketing companies and publishers to measure the response to marketing campaigns.

There is another IRAP-supported company I would also like to mention, which is Nytric, an innovation- consulting firm that helps bring new products to market and which proudly utilizes the capabilities of immigrant workers. It is, of course, well known in this community and the services it provides helps entrepreneurs and innovators move their ideas to market. This kind of enterprise is an important part of the innovation infrastructure.

All of the companies I have mentioned, and there are many others like them, are important because they are what we call gazelles – companies with proprietary technology and the capacity for growth. This is where we need to focus attention – how to improve the birth rate of gazelles, and their success rate.

There are a variety of initiatives that community can take to create a fertile ground where gazelles can be born and grow. They include providing mentoring services to young companies, providing incubators for start-ups (Jane Jacobs argued that new ideas needed old buildings because they provided cheap rent and said cities should not rush to tear down old industrial space), encouraging angel investor networks, working closely with federal and provincial entities, such as IRAP, to connect them with entrepreneurs, utilizing universities and colleges to develop programmes to help young companies in business planning and solving technological problems, and organizing fora where young entrepreneurs can get together with one another and with experienced business types.

At the same time, by aspiring to become a leader in innovation in education or infrastructure, to name two examples, a city can help create a new market for new products or services.

It is the gazelles that are important – they are the wealth creators. A community that generates gazelles – Waterloo's RIM and Open Text were once gazelles – will, as a matter of course, attract more housing, retail and restaurant and other service providers. The wealth creators produce tradable goods and services that bring the wealth into the community that supports all the other activities.

4. Cities can be innovative in their own activities. In fact, cities should be the test beds for new ideas and new approaches.

A good example is an innovative approach strongly pushed by Boston Mayor Thomas Menino, who won a 5th term last November. He has been pushing to make Boston a city of urban innovation through what he has called the Boston Urban Mechanics Programme, launched in 2008. Basically, what he has been trying to do is to attract some of the brightest young graduates of Boston universities to help the city address its challenges.

Mississauga can also become a city of urban innovation, fostering innovation in the way it delivers its own services, makes its infrastructure investments and utilizes technology.

The Boston programme – BUMP – offers, through competition, summer and semester internships to university undergraduate and graduate students to give them hands-on experience in fields of interest while awakening bright young people to the variety of careers they could have with the City of Boston. The summer internships, for example, were full-time, 35 hours a week and for 8 full weeks, with a \$2500 stipend for undergraduates and \$4000 for graduate students.

It has also offered year-long fellowships – in computer science, public health, public safety and performance management – open to graduate students, with a value of \$50,000 each. The positions required deep-subject knowledge and an awareness of Boston-area policy concerns and issues. While the Fellows were expected to make a significant contribution to addressing City issues, they were also expected to gain a deeper understanding of Boston's priorities and key operational challenges.

The Urban Mechanics Programme advanced a step further last month, with the Mayor declaring that it was his goal to make Boston the hub of municipal innovation, focusing especially on innovation in public education, economic development and public-private partnerships, underlining Boston's potential as a city of innovators. To steer this, the Mayor has created the Office of New Urban Mechanics to explore and enhance traditional City services and operations.

This is just one example. Another is to tap into the expertise of the community's elders – since their experience can be invaluable. There is a growing population of retirees and a golden chance to tap into their experience and expertise from many different aspects of life..

Paul Volker, who is masterminding the restructuring of the U.S. banking system, is 82. Warren Buffet and George Soros, two astute investors in the current crisis, will both be 80 in August. Rupert Murdoch, who is challenging Google, is 78. Buffet – 5 minutes, 50 years. Here in Canada, Fraser Mustard, our leading champion for early childhood development, is 82. And then there is Mississauga's own Hazel McCallion, who is approaching her 89th birthday.

Experience counts for something. In a recent appearance before Columbia University MBA students, Warren Buffet said he could make many investment decisions in less than 5 minutes. In incredulous student responded that no one could make an investment decision that quickly. Well, Buffet replied, "it is actually 5 minutes plus 50 years of experience."

An innovative city can also look to innovation to address social challenges, such as the urgent need today to help young people and immigrants find more effective entry points into the job market and to help unemployed workers upgrade their skills, improve their capacity for job search and assist them with resumes and presentation for job interviews. One special power of government at any level is its capacity to call meetings and to get people to work together – in this example to combine the efforts of government agencies, social networks, non-profits, school boards, colleges and universities, labour organizations and employer associations to address job market and employability issues.

These are just some examples. The sessions today can brainstorm many more ways to advance innovation. My key point is that cities and city-regions can be leaders in innovation, enablers of innovation, champions of innovation. Cities are where experiments should be carried out, where we learn what works and what doesn't. Innovation should be a grass roots cause, not top-down.

My focus today has been on the crucial importance of innovation. But we need innovation not just in business and commerce to develop the new activities that will generate new jobs and higher productivity. We need it in our schools and in the delivery of public services. We need innovation in infrastructure, in social programmes, in sustainability. We need innovation to address economic challenges, social challenges, environmental and health challenges.

Indeed, the mantra for the 21st century is innovate or stagnate, because we will be living in a much more competitive world, and a world with an array of major new challenges.

In holding this summit, Mississauga is showing once again that it is determined to innovate, not stagnate. Given the quality of its population and their desire to succeed, we can be optimistic about Mississauga's future.

Thank you.

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