

QUEBEC VIEW: DEVELOPMENT

Montreal faces uphill battle in new economic order



KONRAD YAKABUSKI

April 9, 2009

MONTREAL -- The Montreal Exchange, now part of TMX Group, is forwarding journalists' calls to Toronto. The new head of BCE Inc. has not taken up residence in the city that, officially anyway, is still home to the telecom giant's headquarters. Alcan's "head office" is shrinking under parent Rio Tinto. AbitibiBowater answers to its bankers in Charlotte, N.C.

When Michael Sabia had a getting-to-know-you lunch last week with Quebec Inc.'s *grands fromages*, the new head of the Caisse de dépôt et placement du Québec found himself talking to a sparser crowd than any Caisse chief before him would have likely faced. The ranks of Quebec Inc., that Quiet Revolution embodiment of Quebec's French-speaking business class, are thinning.

Where will this all leave Montreal if, as Creative Class guru Richard Florida recently predicted in *The Atlantic* magazine, "the coming decades will likely see a further clustering of output, jobs and innovation in a smaller number of bigger cities and city-regions"? Can Montreal aspire to be one of them? Or has its fate already been sealed?

Prof. Florida, now director of the Martin Prosperity Institute at University of Toronto, warns that "we can't stop the decline of some places, and we would be foolish to try. ... In limited ways, we can help faltering cities to manage their decline better, and to sustain better lives for the people who stay in them."

Let's be clear: Montreal is not Detroit. St. Jude himself could not save Motor City. The unemployment rate there now stands at 22 per cent. When only one in 10 Detroiters has a college degree, the jobless rate won't be coming down any time soon. If ever. The current economic crisis, as Prof. Florida notes, will "permanently and profoundly" alter the economic geography of North America.

Montreal needs to get busy if it is to carve out a place for itself in this new economic order. It has a lot going for it: A vibrant inner city, a deep talent pool of "knowledge"

workers, a diverse population and creativity to burn. Its problem is just that Toronto has even more of these things. Toronto also has the support of its provincial government. Montreal's provincial masters seem at best indifferent to it, if not chronically at war with it.

How else do you explain why, despite decades of promises, the current Liberal government has yet to proceed with the construction of two new mega-hospitals in Montreal to replace a complex network of antiquated institutions spread over multiple sites?

If the new hospitals do get built - delivery is now promised between 2013 and 2018 - will there even be enough doctors to work in them? Quebec pays its general practitioners and specialists about a quarter less than Ontario, and a new interprovincial labour mobility agreement will make it easier for them to practise elsewhere. But Montreal can't afford to lose any more of its "brain surgeons," regardless of their profession.

In 1976, Montreal and Toronto had nearly identically sized populations, each with about 2.8 million people living within its Census Metropolitan Area (CMA). Since then, the population of the Toronto CMA has doubled to 5.6 million; Montreal has only managed to reach 3.7 million, a 30-per-cent increase in three decades.

In its latest Metropolitan Outlook, the Conference Board of Canada predicted that Montreal will post the weakest growth of any major Canadian city over the next half-decade. Though its economy will not contract as much as Toronto's this year, Montreal's output will expand much more slowly once the recession lifts.

Part of the explanation for this may lie in another report out this week, this one also supported by Conference Board data, on Toronto's status as a global city. Though the Toronto Board of Trade's Scorecard on Prosperity highlighted Toronto's shortcomings when compared to the 20 other cities studied, it provided even grimmer news for Montreal. Toronto ranked fourth over all. Calgary was first. Montreal was 13th, the poorest performance of any Canadian city on the list.

There are grounds for optimism. The proposed Quartier des Spectacles - the redevelopment of a run-down downtown intersection into a hub for the arts - will help Montreal catch up, or at least decline more slowly relative to Toronto's now superior cultural infrastructure.

But it's hard not to be disheartened when the top news story in city politics these days is how Mayor Gérald Tremblay's former right-hand man vacationed in the Caribbean on the yacht of a construction magnate just before the latter's consortium won a juicy municipal contract to install water meters. When this much energy gets absorbed in damage control, how much is left for the kind of creative thinking needed to ensure Montreal's position in Prof. Florida's new economic landscape? Or is it already too late for that?

kyakabuski@globeandmail.com

