

An Extraordinary Future

A Strategic Vision for Western Canada

DR. ROGER GIBBINS | PRESIDENT & CEO
CANADA WEST FOUNDATION

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cover photo: Merid, Saskatchewan
Jon Dirks

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AS WE KNOW FROM OUR PERSONAL EXPERIENCES, conversations are often complex and multi-layered, and what is not said may be as important as what is said. We listen as closely to the silences as we do to the words, and in the extraordinary conversations there were surprising silences about some of the major topics in Canadian public life including health care reform, Canadian-American relations, climate change and global security. While it would be a mistake to assume that such issues were unimportant to our participants, they were not used as building blocks for a future vision.

Badlands, Dinosaur Provincial Park, Alberta

Preface

*For a detailed account and analysis of this project, see Canada West Foundation's *An Extraordinary West: A Narrative Exploration of Western Canada's Future* by Sheila O'Brien and Shawna Ritchie. I am greatly indebted to the participants in this project, and apologize for my simple condensation of their complex thinking about the future of the West.*

In early 2010 the Canada West Foundation conducted in-depth, in-person interviews with 50 extraordinary individuals drawn from community and thought leaders across the four western provinces. Participants were asked what should be done to ensure that western Canada remains a great place to live. Their insights into economic diversification, the role of the arts and post-secondary education, the contributions of Aboriginal peoples, the challenges and opportunities of the global economy, and a wide range of other topics underscored the need for a strategic vision, a pathway through the challenges we face.

What follows is my attempt to give expression to that vision. Doing so means simplifying a rich and diverse set of conversations, but then visions necessarily paint, as I will paint, with a very broad brush. They condense and exaggerate, and so gain their power. And, like any painting, what matters a great deal are the emotional tones that provide context for more specific commentary. In this respect, I would like to stress three features of the extraordinary conversations:

- First, they were forward-looking in tone and concept. True, participants often dipped into the West's frontier past for inspiration, but their over-riding focus was on future opportunities, not past grievances. Although the place of the West in Canada was the issue shaping regional discontent from the end of the 19th century to the start of the 21st, it no longer looms large in the minds of our participants. The region has moved on, and the language of victimhood is being washed away as regional discontent gives way to self-confidence buoyed by economic power and political strength.
- Second, although western Canadians emphatically see their region as part of Canada, the terms of that relationship are no longer a major preoccupation. Topics that dominated the "West in Canada" discourse—Quebec's status within Canada, regional variations in wealth and culture, the constitutional authority of the federal and provincial governments, even institutional reform—seem increasingly irrelevant, and less time is devoted to comparisons with other parts of Canada. As western Canadians look out more than they do in, the important benchmarks are now global.
- Third, the overall tone of the conversations was optimistic. Although participants were acutely aware of upcoming challenges, they nonetheless saw an extraordinary future if western Canadians act strategically, using today's good fortune to ensure sustainable prosperity for tomorrow.

What, then, was the rough consensus to emerge from the extraordinary conversations? Simply put, the overarching goal was sustainable economic prosperity and the quality of life that prosperity affords. For western Canadians, achieving this goal requires a strategic vision that is global, reconciles resource and knowledge-based models of economic development, emphasizes robust and credible environmental stewardship of a magnificent natural environment, strengthens human capital, forges a new partnership with Aboriginal peoples, captures the advantages of interprovincial cooperation while recognizing that the regional whole is greater than the sum of its provincial parts, and maintains healthy public finances.

The Strategic Vision

Determining how to exercise our economic strength in an increasingly competitive, carbon-constrained world is a huge challenge, and a huge opportunity. The 50 participants therefore concluded, if only implicitly, that it is not only possible but essential to use the threads of our past experience to weave a new strategic vision for the West, and to do so now. A rapidly changing international environment demands nothing less.

GO GLOBAL

The West has always been part of the global community and economy; an export-driven agricultural and resource-based economy built by immigration could not be anything else. Western Canadians could not turn inward, could not rely on regional or even Canadian markets—they had to compete internationally. In a region where a small domestic market was spread across a vast landscape, prosperity could only come through unfettered international trade; tariffs to protect local industries would be of no help. Despite, or perhaps because of geographic isolation, global perspectives and connections are part of the West's DNA.

Over the past few decades market deregulation, subsidy elimination and trade liberalization created strong continental markets for western Canadian resources. Today, a changing world opens up new opportunities as western Canadians find themselves at the edge of the new Asia-Pacific economic order. Western Canada is richly endowed with the agricultural, energy and industrial raw materials—and related expertise in supporting services and environmental management—that many fast-growing Asian markets demand.

The challenge ahead will be to push the “western frontier” further west, across the Pacific. In the past, Winnipeg was the lynchpin between central Canada and the western frontier. In the decades to come, western Canada as a whole can play that same role with the Asia-Pacific economies. To do so will require Asia-Pacific gateways that swing both ways (imports and exports), extend beyond the hard infrastructure of ports, airports and rail connections to embrace intercultural understanding and language skills, and reach into the region's interior. Transportation infrastructure is as important as ever, but today the West needs more than a gateway transportation system—it needs a gateway economy that fully embraces the opportunities and complexities of Asian markets.

As western Canada goes more global, its economic linkages and to some degree its social and political linkages to the rest of Canada will decline in *relative* importance. The rise of Asia in the world's marketplace will gradually tilt the balance of power and economic influence within Canada and the United States toward the western provinces and states. Past discussions on how best to exercise greater power within national institutions will shift to how best to position the West within the global economy. This is not a shift toward “the West wants out,” but recognition that the federal government is becoming less relevant for wealth creation in western Canada.

The International Monetary Fund's October 2010 World Economic Outlook projects growth of

8.4%

in Asia's annual world output for 2011, compared with 2.7% for Canada and 2.3% for the US.



*West coast totem poles, Vancouver, British Columbia
Karoline Cullen*

RECONCILE COMPETING MODELS OF ECONOMIC DEVELOPMENT

The transformation of the global economy will force western Canadians to find new terms of engagement with that economy. Success will mean producing what the world wants today and in 20 years, finding a market niche for our resources, products and ideas. However, this means that a region of just 10 million people will have to reconcile two different and widely held models of economic development.

- The first posits that the West's comparative advantage comes from its resource base, and that sustainable prosperity must be built around that existing strength, including greater value-added resource industries. The competitive strengths of the regional economy combined with a voracious global appetite for food, energy and natural resources suggest that sustainable economic prosperity can be achieved through an export-driven, resource-based economy. Build on your strengths and reward success.
- The second sees the resource base as a long-run weakness rather than a strength. It reflects the assumption that non-renewable resources will eventually run out or lose their markets, that oil, gas and coal are sunset industries even if it is noon today. Declining terms of trade (purchasing power) for natural resources may continue, and the best and brightest human talent will not be retained or attracted by resource extraction. The alternative to resource dependency is to use today's resource wealth to build a knowledge-based economy for tomorrow, one that is better aligned with a carbon-constrained future.

One thing is clear: the old model of economic development, moving from resource extraction to labour-intensive manufacturing, no longer works. The goal, therefore, is not to replicate the central Canadian economy of the late 20th century, but to build a new economy aligned with global change, one that reconciles resource wealth with the region's creative potential.

Reconciliation is the key, for although neither model alone will work, they are not incompatible. The West's competitive advantage will continue to come from its resource base, but not just from what lies beneath or on the ground. A modern resource economy includes the human and intellectual capital—engineers, geologists, agriculturalists, biochemists, and tradable engineering, design, environmental, financial and legal services—amassed around resource development and management. In short, a modern resource economy is a knowledge economy, and the challenge is to intelligently lever our resource wealth to ensure that the encompassing knowledge economy is truly world-class.

Resource extraction alone is an antiquated regional vision, but we do not have the population base to lead the world in fields far removed from the resource base. We need to build on what we're good at, and export that knowledge along with the resources from which it springs. We need new models of sustainable economic prosperity and economic diversification, and we need them soon. We need to sort out the appropriate role of public investment in promoting diversification. Of perhaps greatest importance, we have to ensure that today's resource wealth does not make us complacent about the shape of the economy to come.



Swathed canola field, Saskatchewan
Lorraine Swanson

37.7%
was western Canada's share of
the national GDP in 2008.



*Housing, Winnipeg, Manitoba
Richard Gillard*

80.5%

of the West's population
lives in urban area.

ENSURE ROBUST AND CREDIBLE ENVIRONMENTAL STEWARDSHIP

The natural environment is imprinted on the western Canadian identity; the astonishing landscape pushes in no matter where in the region one might live. At the same time, the resource-based economy makes huge demands on the environment. Therefore ongoing reliance on a natural resource base and its associated intellectual and human capital means that we must be the best possible stewards of our natural capital including the surface land base, the water that flows across it, and the resources found beneath it. International markets and regional residents will demand nothing less. Much of the value that western Canadians attribute to their region stems from its natural environment, and thus world-class environmental management is not an option—it is essential if we are to build sustainable economic prosperity on a resource base.

Effective stewardship will entail an evolutionary shift to more sustainable forms of energy production and consumption. Success in becoming an energy powerhouse will depend on getting the energy-environment interface right and positioning the West within an increasingly green economy. However, our unique and primary opportunity for global leadership will come through the greener production and consumption of conventional energy resources, including hydro. This will require a regulatory system that ensures environmental protection while avoiding regulatory over-kill. We have the experience to design a regulatory framework that will enhance the West's competitive advantage by providing certainty, efficiency, predictability and transparency.

STRENGTHEN HUMAN CAPITAL

Western Canada is characterized by a relatively small number of people spread across a vast land mass. In the face of an aging population, low birth rates, and chronic labour shortages that will only get worse, sustainable economic prosperity will necessarily be linked to the West's ability to attract and retain increasingly mobile human capital. This means an aggressive approach to immigration and settlement programs, and a recognition that immigration supports the international reach of the regional economy. It means vibrant cities to serve as magnets for immigration and hubs for a knowledge-based economy, world-class universities and technical schools, and an unsurpassed quality of life.

The human capital challenge means providing the best possible education, high-quality health care, post-secondary excellence, and exciting and safe urban environments. It means building the West's post-secondary institutions into our gateway strategy, strengthening their role as conduits of human capital and innovation. All of this requires corresponding public investment today if we are to build sustainable prosperity for tomorrow. It also means correcting the region's most glaring failure: the incomplete economic, cultural, social and political participation of Aboriginal peoples and communities in Canadian life.

FORGE A NEW PARTNERSHIP WITH ABORIGINAL PEOPLES

The need to strengthen human capital and optimize opportunities for everyone in the region brings us face to face with the historical marginalization of Aboriginal peoples. Success in the future will need a transformed relationship between the settler and the Aboriginal communities in western Canada. This means greater integration into the region's labour force, particularly in Manitoba and Saskatchewan where the Aboriginal share of the population is significant and growing. It also means working with Aboriginal communities across the full spectrum of resource development. It means incremental progress, resource development by resource development, community by community, combined with more encompassing initiatives. And it means better educational services, employment programs and social supports for the majority of the Aboriginal population now resident in a heavily urbanized society where educational skills and qualifications—not traditional knowledge or connection to the land—determine prospects for success for all groups. More generally, it means cultural recognition and full social, economic and political participation across the western Canadian landscape.

It also means not waiting for the federal government to act. The relationship with Aboriginal peoples is our issue given the relative size of the Aboriginal population in western Canada and extensive Aboriginal interests in resource development on reserve and traditional lands. Getting the relationship with Aboriginal peoples right, and tapping the creativity and diversity of First Nations and the Metis, means far more to the West than it does to the rest of Canada. We cannot afford to wait.

FOSTER INTERPROVINCIAL COOPERATION AND COLLABORATION

The need for greater regional cooperation and collaboration is driven by economies of scale. The total population of the four western provinces combined is approximately 10 million, about the size of metropolitan Chicago, 40% of the population of Texas, or 27% of the population of California. There are now 57 Chinese cities with populations equal to or larger than that of Manitoba or Saskatchewan. It is difficult, therefore, for individual provinces to compete on the world stage. Regional cooperation has moved beyond “it would be nice, but ...” to an integral part of how we earn our way in the world.

Greater regional cooperation is the means to hone a more competitive edge, to harness the West's rich diversity to common goals. Here great strides have already been taken with TILMA and the New West Partnership, but more needs to be done. If we are to build a gateway economy that stretches across the West, that opens Asian markets and attracts Asian investment, we will need to work together.



*Alberta Children's Hospital, Blackfoot teepee,
Calgary, Alberta
Karoline Cullen*

59.8%
of the Canadian Aboriginal
population lives in the West.



*Anthropology Museum, University of British Columbia,
Vancouver, British Columbia
Xuanlu Wang*

7.5%

of provincial population in the West is Aboriginal, compared with 2.2% in the rest of Canada.

Regional cooperation is also a way to substitute provincial action for federal inaction, a way to take the lead through provincial governments and interprovincial cooperation. The Canadian reality is that intergovernmental cooperation is often easier regionally than it is nationally. A strong country is built from regional innovation, from creativity unleashed in circumstances less tightly bound by history and the status quo.

None of this means that Ottawa or influence within the national capital is irrelevant. The federal government provides security and stability, federal policies relating to immigration, international trade, energy and the environment are still important, and Canada's international stature still counts. However, while the pursuit of greater leverage within national institutions remains necessary, it is no longer a sufficient strategy. Western Canadians are no longer looking to Ottawa to solve the region's problems or to ensure its potential is realized.

Western Canadians often state the ambition for "world class" universities, cities and health care. However, these are challenges for a small regional population spread across four provincial jurisdictions. The region has to pick its shots in creating world-class institutions as truly global centres of excellence may be beyond the reach of individual provinces.

MAINTAIN HEALTHY PUBLIC FINANCES

Western Canadians have been well served by effective management of public finances. Provincial governments have maintained relatively low levels of both public debt and taxation, a fortuitous position made possible by spending rather than saving rents from non-renewable resource development. As governments across Canada and the developed world scramble to address acute public finance challenges, the competitive advantage of the western provinces may even improve.

At the same time, a reliance on resource rents to support current public expenditures leaves provincial governments and programs open to the swings of international commodity markets. It also raises issues of intergenerational equity as the region's non-renewable resource endowment is exploited. Sorting out the appropriate use of resource revenues, including their strategic reinvestment, the appropriate balance between spending and saving, and the appropriate tax mix will be key determinants of competitive success and sustainable prosperity in the years ahead.



VISIONS ARE NEVER STATIC; they are platforms for ongoing conversations. They also frame more detailed policy debate. The commitment of the Canada West Foundation is to continue to drive this strategic conversation, and to contribute to an evolving western vision through our policy work, citizen engagement and a strong regional voice on the national stage.

*Lake Winnipeg, Manitoba
Claude Robidoux*

Looking Ahead

An extraordinary future for Western Canadians is one where the region is thoroughly embedded in the global economy, providing not only the energy, food and industrial raw materials required by that economy, but also the related technical and business skills; we will have built a knowledge economy on a natural resource foundation. Our global connections will be numerous and strong. We will be the world's best, and will be seen as the best, for our stewardship of natural resources. The West will be a magnet for the retention and attraction of the very best in human capital. Aboriginal peoples, both individuals and communities, will be fully integrated into a prosperous regional economy and old wounds will be healed. We will exploit the advantages of intergovernmental collaboration without losing the diversity and competitive edge that come from four distinctive provincial communities. And, we will have established a place for resource revenues in our public finances that will ensure truly sustainable prosperity and intergenerational equity.

However, achieving this extraordinary future will not be easy. It will not simply fall into our hands, but will require political leadership that is strategic, determined and persistent. Nor will success come cheaply; it will require public investment and stewardship. We will succeed by being better than our competitors, not cheaper.

In the past, the West was knit together by common grievances; in the future, it will be knit together by common opportunities. In Canada, we will lead by example and through policy innovation. In part, this means owning those problems that fall disproportionately to the West—carbon-based fuels and the relationship with Aboriginal peoples—and then leading the country in finding solutions. This will be our contribution, a demonstration that a strong West means a strong Canada. If we can make sure that the West is all it can be, Canada will benefit, and if we become complacent, all Canadians will pay the price.

Western Canadians proudly see their region as the template for a new Canada, a blueprint for what Canada might become. This, after all, was the frontier dream—not to replicate the old, but to build something new on its foundations. Therefore the western vision is also a Canadian vision—a vision for the West, but also a western vision for Canada.

EXTRAORDINARY WESTERN CANADIANS

Participants of the Extraordinary West initiative were chosen from across the four western provinces, from various sectors, and multiple disciplines. The overriding criterion was an ability to see the big picture and articulate the region's possibilities and potential.

Asper, Gail	<i>President, Asper Foundation</i>	Keith, David	<i>Director, ISEEE Energy and Environment Systems University of Calgary; Canada Research Chair in Energy and the Environment</i>	Peterson, Kevin	<i>Former Publisher, Calgary Herald</i>
Beddoe, Clive	<i>Co-founder and Chairman, West Jet</i>	Klyne, Marty	<i>Publisher, Regina Leader-Post</i>	Preston, Carolyn	<i>Former Executive Director, Petroleum Development Research Centre</i>
Clark, Joe	<i>Former Prime Minister of Canada</i>	Lennie, Oryssia	<i>Former Deputy Minister of Western Economic Diversification</i>	Robinson, Peter	<i>CEO, David Suzuki Foundation</i>
Cross, John	<i>Alberta Rancher</i>	Lewis, André	<i>Artistic Director, Royal Winnipeg Ballet</i>	Singh, Sanj	<i>Director, Brett Wilson Centre for Entrepreneurial Excellence</i>
Das, Satya	<i>Founder and Principle, Cambridge Strategies</i>	Lewis, Susan	<i>Executive Director, Winnipeg United Way</i>	Smillie, Ruth	<i>CEO, Globe Theatre</i>
Dow Baker, Camille	<i>CEO, CAWST</i>	Linner, Bob	<i>Former City Manager, Regina</i>	Smith, Janet	<i>Former Federal Deputy Minister</i>
Duckett, Stephen	<i>CEO, Alberta Health Services</i>	Loewen, Charles	<i>Former Chairman and CEO, Loewen</i>	Stickland, Eugene	<i>Playwright</i>
Emerson, David	<i>Former Minister of Foreign Affairs; Co-Chair, Advisory Committee on the Public Service of Canada</i>	Lougheed, Peter	<i>Former Premier of Alberta</i>	Tertzakian, Peter	<i>Chief Energy Economist, ARC Financial; Author</i>
Filmon, Gary	<i>Former Premier of Manitoba</i>	Lyotier, Ken	<i>Founder, United We Can</i>	Thomas, David	<i>VP Instruction, Vancouver Island University</i>
Finlayson, Jock	<i>VP Policy, Business Council of British Columbia</i>	Lysack, Mishka	<i>Project Lead, Alberta Acts on Climate Change; Professor of Social Work University of Calgary</i>	Timmons, Vianne	<i>President, University of Regina</i>
Florizone, Richard	<i>VP Finance and Resources, University of Saskatchewan</i>	MacKinnon, Peter	<i>President, University of Saskatchewan</i>	Toope, Stephen	<i>President, University of British Columbia</i>
Giardini, Anne	<i>President, Weyerhaeuser; Author</i>	Manning, Preston	<i>Founder, Reform Party of Canada; Founder, CEO of Manning Centre for Building Democracy; Former Official Leader of the Opposition, Canadian Parliament</i>	Van Herk, Aritha	<i>Author; Professor University of Calgary</i>
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Hotchkiss, Harley	<i>Businessman; Former Chairman of NHL; philanthropist</i>	Marcoux, Russel	<i>CEO, Yanke Group of Companies</i>	Waverman, Len	<i>Dean, Haskayne School of Business, University of Calgary</i>
Isaac, Grant	<i>Sr. VP Corporate Services, Cameco Corp.</i>	McLellan, Anne	<i>Former Deputy Prime Minister of Canada</i>	Wong, Milton	<i>Chairman, Perceptronix; Non-Executive Chairman of HSBC Asset Management</i>
Jackson, Tom	<i>Actor, Singer, Producer and Director</i>	Mowat, Dave	<i>President and CEO, Alberta Treasury Branch</i>		
Jespersen, Kent	<i>Chair and CEO, La Jolla Resources International</i>	Nelson, Ruben	<i>Executive Director, Foresight Canada</i>		
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Extraordinary Western Canadians



ROGER GIBBINS has devoted his career to understanding what pulls four often discrepant western Canadian provinces into a regional community. Prior to assuming the leadership of the Canada West Foundation in 1998, Roger was a Professor of Political Science at the University of Calgary, where he started his academic career in 1973 and served as Department Head from 1987 to 1996. He has authored, co-authored or edited 22 books and more than 140 articles and book chapters, most dealing with western Canadian themes and issues. In 1998, Roger was elected as a Fellow of the Royal Society of Canada, and was the President of the Canadian Political Science Association from 1999 to 2000. In 2007, he received the Alberta Lieutenant Governor's Award for Exceptional Achievement, Distinctive Leadership and Outstanding Contribution to Public Administration. In 2010 he was the recipient of an Honorary Doctor of Laws from the University of Northern British Columbia, and received the Public Policy Forum's inaugural Peter Lougheed Award for Leadership in Public Policy. Roger was born in Prince George, British Columbia, and received his undergraduate degree from UBC and his doctorate in political science from Stanford University in California. He is married to Isabel, with whom he has two sons, Christopher and Daniel.



CANADA WEST FOUNDATION IS 40 YEARS STRONG!

In 1971 the Canada West Foundation was established to give the people of the West—British Columbia, Alberta, Saskatchewan and Manitoba, a voice for their dreams, interests and concerns. In doing so, the goal was to put the West on the national agenda and be at the forefront of the most important issues and debates.

Since then, the Canada West Foundation has successfully met that goal, proving itself to be one of Canada's premier research institutes. The Canada West Foundation is the only think tank dedicated to being the objective, nonpartisan voice for issues of vital concern to western Canadians.

This year we celebrate 40 years of representing western viewpoints across Canada. We are proud of our accomplishments and know our research and commentary has improved government policy and decision making.

Today the West is in, but we won't stop there. We continue to promote important issues and debates that provide made-in-the-West solutions to national problems and keep the West thriving.

CANADA IS STRONGER WHEN THE WEST IS THRIVING!

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