THE WORLD IS CHANGING, PROFOUNDLY --- ARE WE READY IN CANADIAN HIGHER EDUCATION?

by

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to


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Message 1: The world is changing, profoundly. Structural trends are reshaping economies, societies, politics, expectations ... and these are redefining the “drivers of success” for us all ... including higher education.

Two speed world: the slow lane (rich OECD countries) and fast lane (emerging economics) --- we need to diversify

Pervasive globalization: re-emergence of Asia, soon 50% of global GDP --- are we ready?

Demographics: we’re aging, but not everywhere, not equally --- talent is now a scarce resource

Information Revolution: from the Internet to Facebook to Tahrir Square --- where next?

Global financial crisis: an endless hangover of low rates, low growth, high volatility

Decline of trust: in leaders, in institutions, in systems --- what does it mean?
In this profoundly changing world, is social cohesion an economic or social issue? a business or societal issue? an individual or governmental issue? It is ALL of the above: the 99% versus 1% angst is driving perceptions, politics and actions …

... And, we need remember, that the main “intermediaries” in Western societies are governments (hopes/fears↔power), banks (savers↔borrowers) and the education system (potential↔talent).

Note: Countries are ranked, from left to right, in increasing order in the Gini coefficient. Source: OECD
Message 2: Competitiveness is changing: it is now increasingly a choice between creativity and flexibility or low cost and scale; it is about premia for early adapters and discounts for late followers … In short, it is about productivity and innovation --- and this applies to business, government and universities/colleges.

“…Productivity is not everything, but in the long run it is almost everything.”
- Paul Krugman (Nobel Prize Winner)

“The first step in winning the future is encouraging American innovation.”
- President Obama (State of the Union, 2011)

... The mantra of the hyper-connected global company is increasingly “invented here, designed there, manufactured elsewhere, sold everywhere”.  
- Tom Friedman (New York Times)

“...Competitiveness with rising wages and improving living standards hinges on continually increasing productivity. And, for high income economies, a prime driver of productivity growth over the long run is innovation.”
- Michael Porter (HBS)
What exactly is productivity and innovation? Innovation is not the same thing as invention, and productivity is not a synonym for working harder ... What they do is transform: innovative products/services sell for more; innovative processes cost less, and continual innovation generates sustained productivity growth.

... Research is turning money into knowledge, and innovation is turning knowledge into money” ... The question is: how should the higher education sector be engaged in innovation and productivity?
Message 3: The competitiveness challenge is the ability to successfully sell our goods and services globally while paying rising, not falling real wages … This can only be achieved by consistently raising our productivity growth, largely through innovation … but productivity growth is slowing in Canada, and innovation is weak.

Canadian business productivity growth has been slowing for years, and the last decade was the worst.

Today, Canadian business productivity levels are only 72% that of U.S. business.

Canadian business spending on R&D now ranks 20th among OECD countries.

Source: OECD, Main Science and Technology Indicators Database, June 2011.
Meeting this new global competitiveness challenge will require: a reimagining of talent and flexibility + a relentless focus on productivity and innovation + a total global market orientation --- but is this aligned with today’s higher education system?

**COMPETITIVENESS DRIVERS**

- **Talent**: Aging populations put premium on productivity and talent …
  - TALENT HUNT goes global: premium for multi-lingual, multi-cultural workforces and countries that welcome immigrants
  - In a demographically challenged world, talent is the new wealth of nations

- **Innovation**: Innovation shifts the “demand curve” and/or “supply curve”
  - Innovation creates opportunity to NOT compete on price suppliers on price: new products carry premium prices
  - Apply to natural resource strengths: energy, minerals/mining, agriculture, forestry --- as well as education (i.e. mass online courses)

- **Globalization**: Unbelievably inter-connected markets …
  - Strong macro fundamentals “provide national insurance”
  - Market opportunities in dynamic emerging countries --- 600-900 million new middle class consumers
  - ITC transforms going global from anywhere to everywhere
In the new global reality, where increasingly talent and innovation drive competitiveness, productivity and growth, do we have the alignment right amongst higher education, government and the private sector. And, do we have the fully articulated ecosystem for success?

The Innovation Ecosystem: Converting “Research” into “Innovation”
In our demographically-challenged world, where talent and new ideas are key, a strong research and innovation capacity create real competitive advantages, provide we are leaders not followers … Canada should:

- Aim to lead a few technology trends, not follow … “the new industrial policy is creative ideas”
- Aim to win Nobel prizes, as validation to researchers and inspiration to Canadians…
- Aim to become first-class innovators of Canadian research … “turning knowledge into money”
- Aim to build a world class talent pool through education and immigration
- Aim to rebrand Canada as being innovational and entrepreneurial.
Message 4: In today’s changing global economy, Canada has fared well compared to other G7 countries due to a number of relative global strengths. The challenge is to ensure we continue this progress in the future.

In a challenging international economy, Canadian growth led the G7 over last decade, and should do so over 2011-to-2013

Canada’s relative global strengths include:

1. Solid economic fundamentals, including low inflation and fiscal probity, as well as lower debt and corporate taxes than the US
2. Robust resources; both natural resources and human resources
3. A sound financial system with strong financial institutions and effective regulation
4. A diversified, sophisticated and resilient economy
5. Strong institutions, rule of law and civic values

Sources: Haver Analytics, IMF World Economic Outlook, April 2012 and WEO Update July 2012
Brands matter, including higher education. In this changing world, brands reduce uncertainty. And, a “Canada brand” provides a “public good” that helps attract immigrants, students, academics and research partnerships, and increases our geopolitical influence, attracts FDI and helps business penetrate foreign markets.

Our potential global brand:

- Solid economic fundamentals, including lower debt and corporate taxes than the U.S.
- Robust resources; both natural resources and human resources
- A sound financial system, with strong financial institutions
- Strong universities, strong university research capacity
- Strong institutions, rule of law, transparency, stability

Our actual global brand

Nice Canadians
Message 5: In this changing world, we have the potential to prosper, provided we are clear about our strengths and weaknesses, and our national interests. It is about BOTH the right strategic direction and the right pace of execution.

1. **Mindset matters**: we need to “disrupt the status quo” in the way we think and operate: in the words of George Bernard Shaw: “You see things; and you say, ‘Why?’ But I dream things that never were; and I say ‘Why not?’” --- we need to dream!

2. **Strategy matters**: world class research excellence requires concentrating resources, creating Canadian centres of global excellence, and managing to best in class standards --- **heterogeneity not homogeneity**.

3. **Innovation matters**: “Research is turning money into knowledge, and innovation is turning knowledge into money” --- We need both … we cannot afford the “two solitudes” of our university researchers and our business managers: to drive innovation, **they should be partners not strangers**.

4. **Timeframe matters**: we need to heed the concerns of Domenic Barton’s evocative phrase “the tyranny of short-termism”, and balance shorter term exigencies with longer term investing --- **winners ride trends not events**!