BUILDING A **NEW MOMENTUM** IN MONTREAL

10 proposals for revitalizing the metropolis

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BUILDING **MOMENTUM** IN MONTREAL

A ten-point revitalization program

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A joint initiative between
BMO Financial Group and
The Boston Consulting Group

February 2014

"A Montreal house takes a lot of care... sometimes I think I'm not here long enough to justify the care it takes, but that feeling evaporates very quickly, as soon as I come into the place."

– Leonard Cohen, C.C., G.O.Q.

PREFACE

L. Jacques Ménard

The heart of BMO Financial Group is the Bank of Montreal, and rightly so. Our group was born here and the city's success matters deeply to us. Bank of Montreal, Canada's oldest bank, will be 200 years old in 2017 – the same year the city of Montreal turns 375. That is three years from now. We hope to be in a celebratory mood by then, and I am convinced that is quite likely. Our metropolis has too many talented people, strengths, strategic advantages, and influential leaders not to overcome its problems. Its ethics scandals, deteriorating infrastructure, and weak economic performance are not fatal but are situations that can be dealt with and put behind us. It was with this in mind that I wanted to make a positive and non-partisan contribution to the reflection on how to revitalize Montreal. Our great city is Quebec's chief standard-bearer on the international stage, and alone accounts for more than half of our Provincial economy.

This project was sparked by an intuition: somewhere around the globe other metropolises, similar to ours, must have been able to rebound after a difficult period. What did these cities do to change direction? To get back on track and grow up to their potential? What key success factors did they draw on? What advantages, if any, did these cities have compared with Montreal?

I submitted these questions to the team at The Boston Consulting Group (BCG), a global management consulting firm that opened an office here in 2012. With its worldwide network and a fresh take on our metropolis, BCG struck me as the ideal partner for carrying out this research. The project got underway in 2012 and intensified throughout 2013 and beyond.

The resulting analysis has five parts. The first, an overview of the situation, examines Montreal's importance to Quebec's prosperity and its economic health relative to other Canadian cities. The second examines the experiences of seven metropolises around the globe that are comparable to Montreal and that found their way back to prosperity after years of sub performance. The third and fourth parts present Montreal's advantages and challenges as expressed by some 57 Montreal-based leaders from a wide range of fields and who generously shared their ideas on how best to revitalize our metropolis. The fifth and final part of the study sets out ten proposals that could allow

Montreal to build new momentum over a ten-year period or so. Why? Because turning around a great city requires time and determination.

It should be noted that this study was carried out independently of any political party or government. It was also undertaken by BCG on a pro bono basis. It is thus, in form and substance, a civic initiative that does not aim to prove a thesis or promote an ideology. It is a look at our metropolis through the lens of other cities. The ultimate goal of our work is to contribute to a discussion involving the metropolis's new leaders, who will take responsibility for this urban renewal and to engage our citizens in this collective journey.

This process is also targeted at the young people and families of our metropolis, who will carry its success into the future and benefit from the courageous decisions which we must make today and tomorrow. These are the same young people whose presently see their opportunities and prospects dimmed by Montreal's current underperformance.

I wish to thank Éric Brat and Marc Gilbert, senior partners with The Boston Consulting Group (BCG) in Montreal, who coordinated this study, to which Jodie Frenkiel, Julie Brummer, David Malboeuf, Yifan Song, Sebastien D'Incau, Alejandro Ciechanowiecki, Priscille Arbour, Eric Sullivan, and Joseph Derouin, all young researchers, also contributed to the work. My thanks, as well, to Patrice Servant, who drafted the report, to the members of our team at BMO, and to all the leaders of our metropolis who contributed their insights and valuable time to this civic initiative.

Long live Montreal.

L. Jacques Ménard, C.C, O.Q
President, BMO Financial Group, Quebec
Chairman, BMO Nesbitt Burns

LETTER OF PRESENTATION FROM BCG

Éric Brat

Marc Gilbert

The Boston Consulting Group's Montreal office, opened in 2012, is among the newest of the 81 offices we have placed in world metropolises since our foundation in 1963. Setting it up reflected our conviction, based on working with international corporations based in the city, that Montreal had good growth potential.

So the invitation from Jacques Ménard, the Québec president of an iconic Montreal institution, to reflect on the revitalization of the province's metropolis arrived at just the right moment. This project would be an opportunity for us to deepen our knowledge of Montreal and Quebec. It meshed perfectly with our group's philosophy, which includes investing in the life of the communities where we do business across Canada (Toronto, Calgary, and Montreal) and around the globe. It spoke directly to our expertise, as BCG has taken part in similar projects elsewhere in Canada, the United States, Europe, and the Middle East.

This civic-minded involvement underscores the confidence we have in the city's potential. You have only to compare Montreal with other cities to see that it is anything but ordinary. It is at once North American and European, francophone and cosmopolitan, academic and industrial, technological and artistic, peaceful and lively. And after examining how some of the world's other metropolises have overcome adversity, weighing Montreal's strong points and challenges and developing proposals inspired by local leaders, those attributes lead us to a confident conclusion : This metropolis has everything required to become one of North America's most dynamic cities, provided its leaders can work together and overcome its very real challenges.

We hope this work will be yet another gust of fresh air putting the wind in Montreal's sails and rallying its forces to join in a collective effort. Such an effort is a common factor in the resurgence of all the metropolises we studied. Success does not arise from the actions of a messianic leader but from a community that succeeds in coming together.

Jacques Ménard's generosity in initiating this programme is fully in keeping with the economic and social involvement that has been his trademark for the last 20 years. We are very grateful to him for making BCG Montreal a partner in this study. Being part of

this collaboration has been a great privilege. We also want to thank all the leaders who entertained our questions with the kind of thoughtfulness and availability that speaks to their profound desire to see Montreal succeed.

Éric Brat
Senior Partner and Managing Director
The Boston Consulting Group – Montreal

Marc Gilbert
Senior Partner and Managing Director
The Boston Consulting Group – Montreal

CONTENTS

1. THE IMPORTANCE OF URBAN CENTRES IN THE WORLD AND THE IMPORTANCE OF MONTREAL IN QUEBEC 1

2. METROPOLISES THAT REBOUNDED AND HOW THEY SUCCEEDED 7
   2.1 Boston, the gifted student becomes the valedictorian 8
   2.2 Manchester, a glorious past and, at last, a brilliant future 10
   2.3 Melbourne, recovering from a devastating recession 12
   2.4 Philadelphia, historical city modernized 15
   2.5 Pittsburgh, a true renaissance city 17
   2.6 San Diego, from military to technology 18
   2.7 Seattle, the return to glory 20
   2.8 Surprising similarities 24

3. MONTREAL'S MANY ADVANTAGES AS SEEN BY 50 OF ITS LEADERS 29
   3.1 Montreal's advantages 30

4. MONTREAL'S CHALLENGES 39

5. TEN PROPOSALS FOR REVITALIZING MONTREAL 47

CONCLUSION 67

APPENDIX A – ILLUSTRATIONS 71

APPENDIX B – BIBLIOGRAPHY 103

1. THE IMPORTANCE OF URBAN CENTRES IN THE WORLD AND THE IMPORTANCE OF MONTREAL IN QUEBEC

Global competition is changing. What was once a battle of countries and their governments now increasingly pits cities against each other. A UN study carried out in 2011[1] projects that urban centres will generate most of the world's economic growth between 2007 and 2025.

The impact of globalization: a paradigm shift

When global competition pitted countries and governments against each other, they could each claim to control the economy through protectionist policies. This is no longer the case. Today, countless free-trade agreements have made markets global. Companies are internationalizing, IT networks span the planet, information travels at the speed of light and capital, like people, is more mobile than ever.

In this new dynamic of open borders, governments can exercise power only within their geographic borders. Their place as the drivers of competition has been taken by the cities. These urban centres concentrate knowledge, capital, businesses, and institutions. This enables them to compete and attract the talent needed to claim the most promising market niches. This does not mean that governments are relegated to a secondary role, but rather to a more strategic one. This new role consists of supporting the metropolises in their efforts to stand out on the world stage and to better play their domestic role as a significant generator of wealth for the benefit of the society.

Montreal's economic role in Quebec

Montreal plays that role for Quebec. It is the province's single metropolis, with 3.8 million inhabitants, or 49 percent of Quebec's total population, Greater Montreal generates more than half of all consumer taxes, personal income taxes, and corporate income taxes collected in the province. In almost every area of economic activity, Montreal's contribution is greater than its share of Quebec's population. It funds more than half of the Quebec government's spending, accounts for 53 per cent of the province's GDP and reaches a pinnacle in research and development as the site of 83 percent of all R&D performed in Quebec.

This intra-Quebec equalization is not a problem. It is normal. It is the role of metropolises to act as the main drivers of growth in societies. However, this knowledge does add perspective to the current tendency to solely assess Montreal's growth against that of other

[1] UN HABITAT. *The Economic Role of Cities*, 2011, p.56

regions. All of Quebec benefits from Montreal's growth, and all Quebecers have a direct interest in the health of their sole metropolis.

Figure 1 – Greater Montreal accounts for 53% of Quebec's GDP[2]

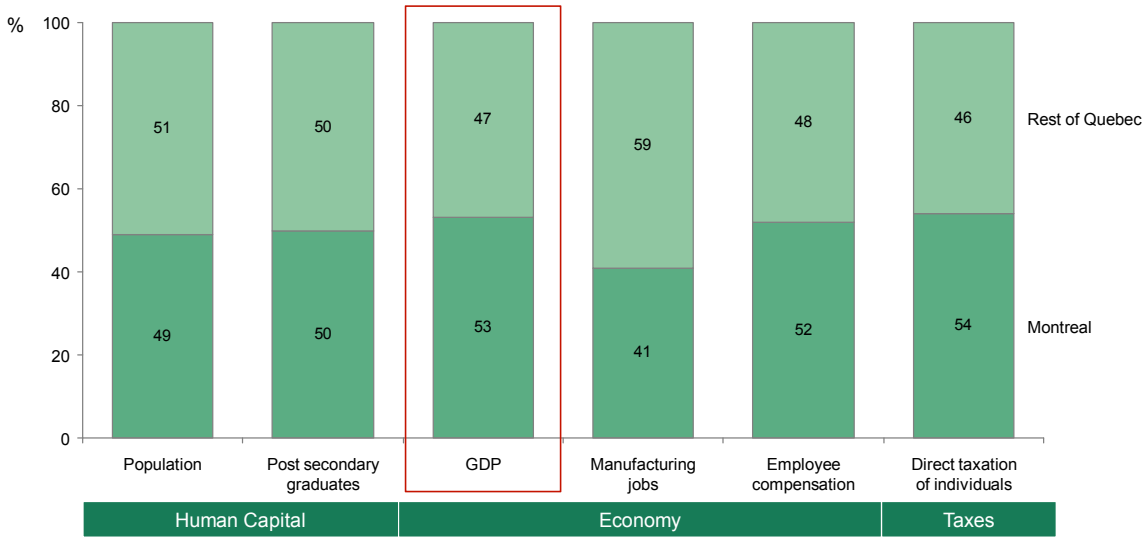
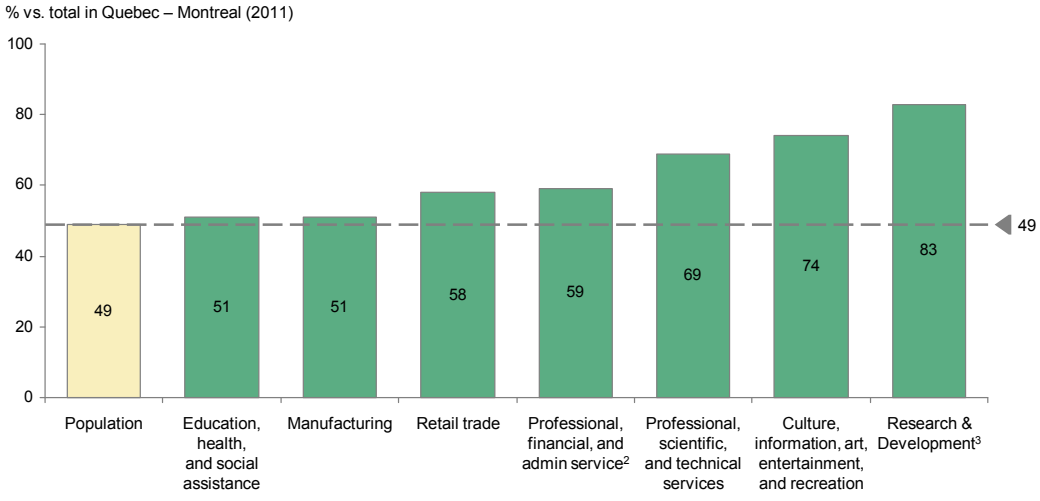


Figure 2 – In nearly all areas of economic activity, Montreal's contribution to Quebec's GDP is greater than its share of the population



Share of Quebec GDP	14%	14%	11%	17%	5%	4%	-	**Total 65%**

[2] Each chart in our report is based on a number of sources. The charts, including the sources and additional information, will be found in the appendix.

Montreal is lagging behind

Yet Montreal, so essential to Quebec's growth, is not contributing to its full potential. Over the past 15 years, Greater Montreal has lagged behind Canada's other big cities – Calgary, Edmonton, Ottawa, Toronto, and Vancouver. Four key indicators illustrate this situation:

- **Montreal's GDP growth is the lowest**: 37 percent, against an average of 59 percent for the other five cities.
- **Montreal's unemployment is the highest**: A Greater Montreal average of around 8.5 percent, against 6.3 percent in the other major Canadian cities.
- **Montreal's disposable income has grown slowly**: a 51 percent increase, against 87 percent in the other major Canadian cities.
- **Montreal's population growth is half of Canada's other major cities**: 16 percent growth, against 33 percent in the other five.

And yet Montreal has real advantages. It scored well on six of the eight criteria used by the Economist Intelligence Unit, an analyst group attached to the renowned magazine *The Economist*, in its 2012 study of global city competitiveness.[3]

Montreal scores highly for physical capital, that is to say its infrastructure (surprising as this may seem), financial maturity, institutional character, social and cultural character, human capital (due to the abundance of colleges and universities), and being relatively unexposed to natural disasters and environmental hazards. It scores lower on economic strength because it underperforms economically and has little global appeal due largely to limited international air connections and low attractiveness to major international firms.

The lesson of this study is clear. Montreal is a city that has everything it needs to succeed in becoming one of the most attractive metropolises in North America, but fails to effectively muster its strengths and promote its many advantages.

[3] Economist Intelligent Unit/Citi. *Hot spots – Benchmarking global city competitiveness* (2012).

Figure 3 – Montreal's economic growth according to four key indicators

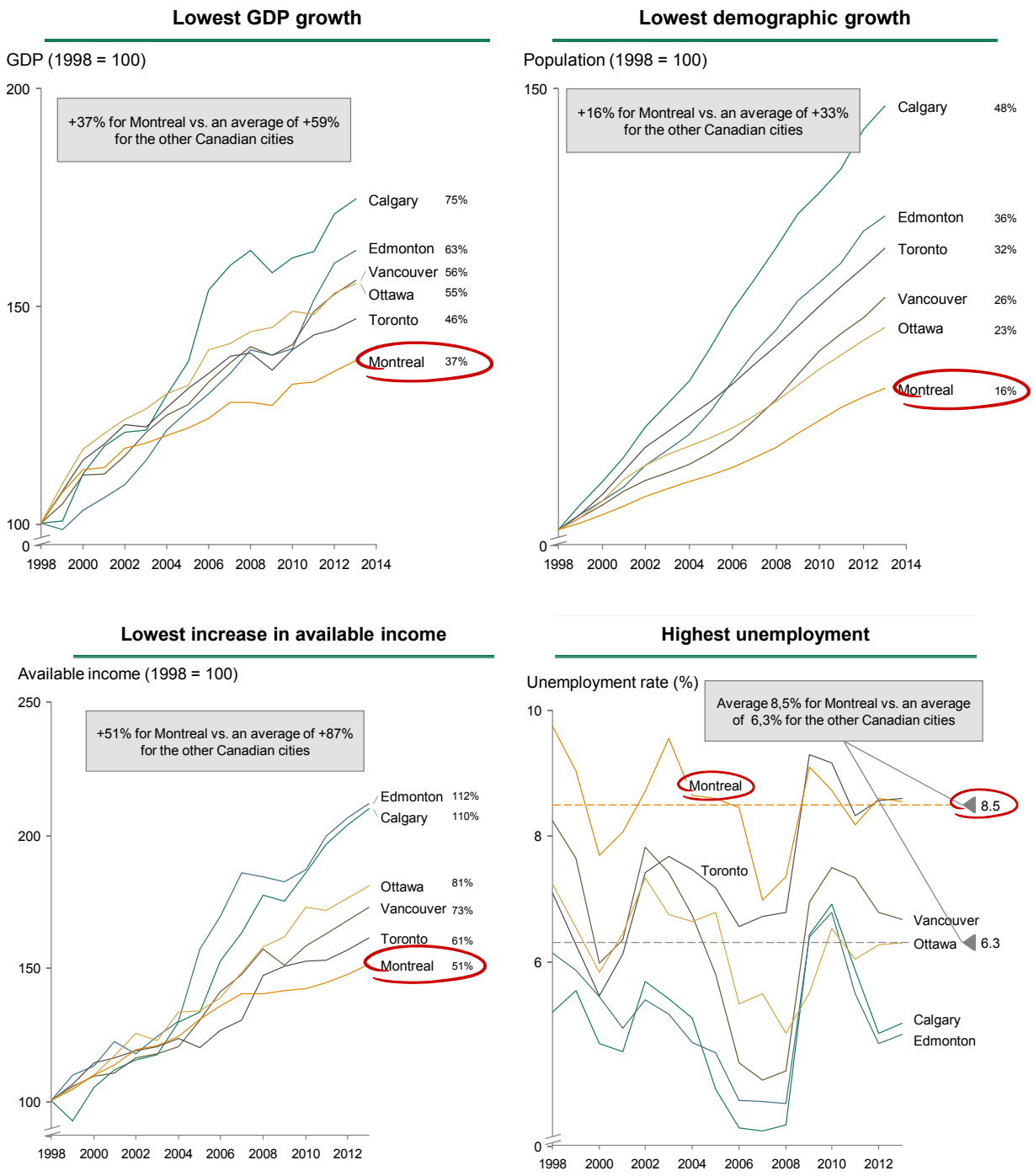
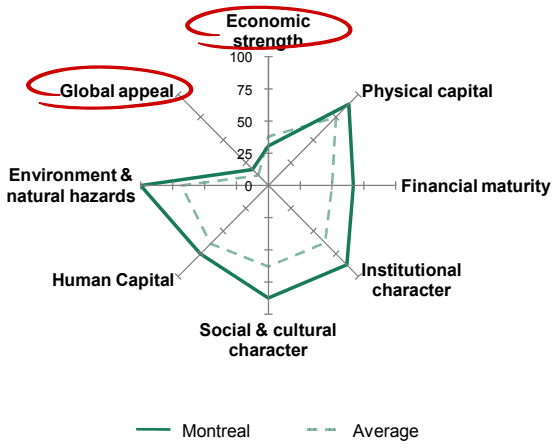


Figure 4 – Montreal, solid strengths but shortcomings that hold it back

Montreal performance in eight areas

Montreal	Score/100
Combines	**60.3**
Economic strength	30.7
Physical capital	89.3
Financial maturity	66.7
Institutional character	87.1
Social and cultural character	87.5
Human Capital	75.2
Environment and natural hazards	100.0
Global appeal	17.5

Montreal vs. average



The Economist Intelligence Unit analysis of 120 major cities predicts that Montreal will fall in competitiveness from 28th in 2012 to 36th in 2025, landing alongside fast-rising Sao Paulo, Brazil (ranked 61st in the world in 2012).

Yet many success stories exist

Quebec's metropolis does, of course, have its share of resounding success stories. Montreal is one of the three main global centres of excellence for aerospace and home to one of the world's highest concentrations of engineering firms. It excels in technology and in a global video games sector which is now larger than the film industry. It has growing global recognition as a financial centre, an enviable position in biopharmaceutical and medical research and a higher percentage of university students than Boston. The Quacquarelli Symonds survey of *Best Student Cities in the World 2012* ranked Montreal second in North America and tenth worldwide.[4]

Montreal is also a culturally vibrant metropolis. *The New York Times* hailed the boldness of a city that, in the middle of a worldwide financial crisis, dared to inaugurate a concert hall instantly acclaimed by critics. "Building a hall in these challenging economic times is a real achievement,"[5] it said on September 9, 2011. It is famous for its countless festivals where hundreds of thousands of people can celebrate into the night without fearing for their safety.

[4] Quacquarelli Symonds. *Best Student Cities in the World, 2012.*
[5] Tommasini, Anthony. "Showcasing Sound in a New Space", *The New York Times*, September 8, 2011.

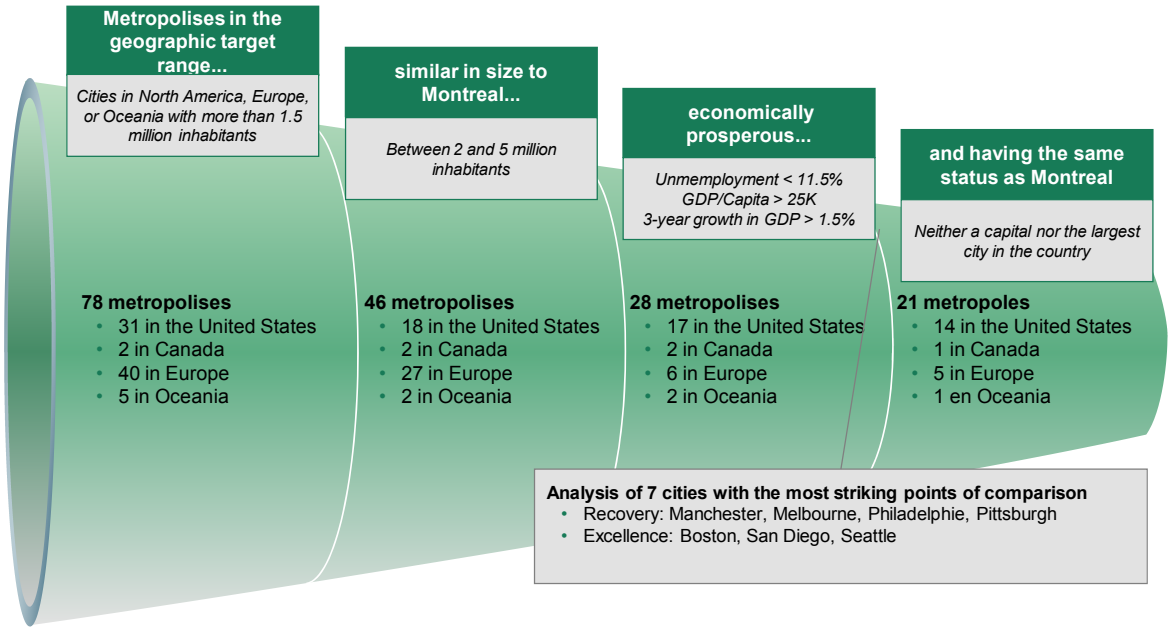
All of this is true. International rankings are like photographs of birds in flight. They are snapshots which cannot fully convey Montreal's complex reality, but are still revealing. What they show is that, despite its many undeniable merits, Quebec's metropolis is struggling to marry its successes with its drive toward prosperity. Other cities have done this better. So what lessons can Montreal learn from their experience?

2. METROPOLISES THAT REBOUNDED AND HOW THEY SUCCEEDED

To select metropolises truly comparable to Montreal, we built a filter using several criteria. First, we looked only at cities located in OECD countries and with an economic and social climate similar to Montreal's. We then narrowed the criteria to metropolises of a similar size, the two- to six-million inhabitant range. We retained cities that were relatively prosperous economically, with an unemployment rate under 11.5% and a per capita GDP in excess of $25,000 a year. We targeted cities that, like Montreal, were neither capitals nor the largest cities in their respective countries.

From this final group, we selected seven metropolises that had executed a turnaround. Four succeeded in reversing decline and rejoining the pack of the most dynamic cities in their countries: Manchester in England, Melbourne in Australia, and Philadelphia and Pittsburgh in the U.S. The other three achieved even greater success. Boston, San Diego, and Seattle in the U.S. rose from their lethargy to become models of success ranking among the country's most prosperous cities. We will examine each individually, in alphabetical order.

Figure 5 – A filter for selecting cities comparable to Montreal

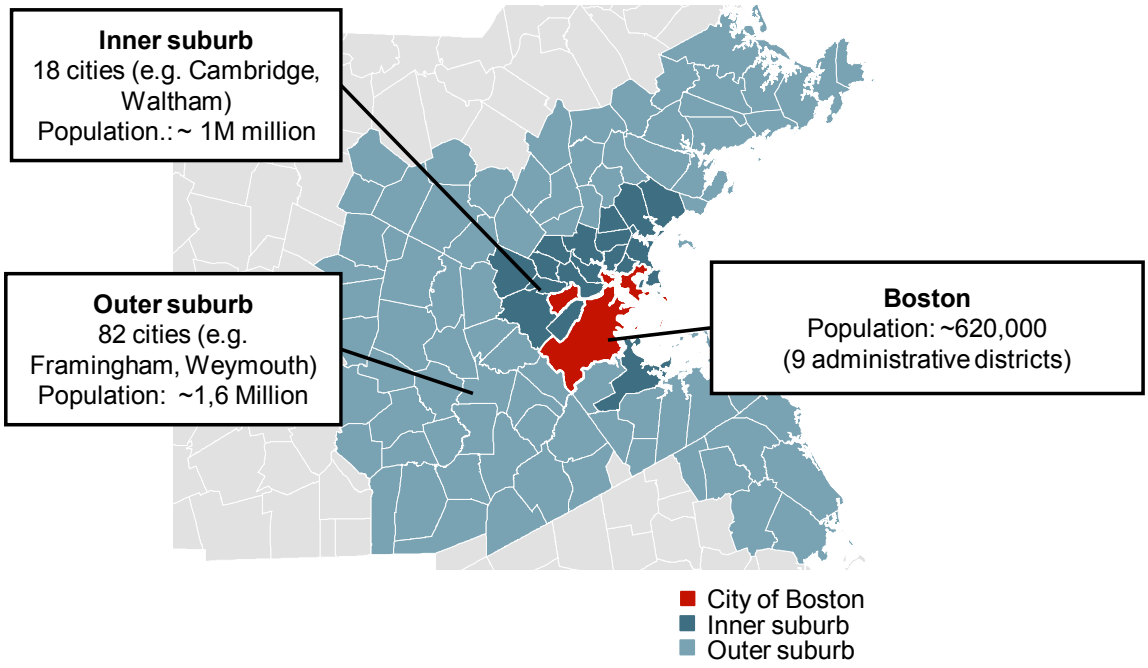


2.1 Boston, the gifted student becomes the valedictorian

Boston today is synonymous with success. It is also proof that determination can triumph over structural complexity. If the Montreal Metropolitan Community is complex enough with 82 municipalities, Greater Boston trumps it with 101. All 101 municipalities are represented on the Metropolitan Area Planning Council (MAPC) whose responsibilities include coordinating economic development initiatives, public transportation, public health, and the fight against climate change.

Boston is by reputation the intellectual capital of the United States. It was the stamping ground of the Kennedys and Edgar Allan Poe. A single suburb, Cambridge, is home to two of the world's top universities - Harvard and the Massachusetts Institute of Technology (MIT). Yet it is not so long since it was mired in a decades-long slump.

Figure 6 – Greater Boston consists of 101 municipalities



In 1980, after six decades of steady decline, the city had 34 percent fewer inhabitants than in 1920 and three-quarters of homes were worth less than the materials they were made from. This population flight was blamed on high taxes and burdensome bureaucracy.

The turnaround (1995–2008)

Boston's comeback began in 1995 under the leadership of Mayor Thomas Menino, named Public Official of the Year by *Governing Magazine* in 2001. His revitalization plan, branded as "Boston Strong", was supported by both the state of Massachusetts and the federal government.

Focusing on its strengths

The metropolis focused on its greatest strength, the human capital drawn from 58 colleges and universities. It identified centres of excellence in biotechnology and health care, financial services, high tech and green technology. These priority areas were targeted through public and private investment and strategic fiscal measures.

Channelling public and private investment

The city implemented a vigorous start-up assistance program for businesses in its priority industries. Organised via an office, the Boston Redevelopment Authority, whose name left no doubts as to its purpose, the program offered loans at attractive rates and affordable real estate. The BRA also provides free job training and qualification programs. Nightmarish red tape gave way to entrepreneur-friendly services such as a single point of contact offered to guide communication and information technology businesses through the administrative maze.

State and federal government supported the city's priorities. The state of Massachusetts stimulated biotechnology through its $1 billion Massachusetts Life Sciences Initiative for small and medium enterprises. Boston's institutions of higher learning became the country's leading recipients of federal medical research funding from the National Institutes of Health. Its investment of $23 billion over 17 years in 34 universities and 22 hospitals prompted the city to offer a further stimulus by exempting hospitals and universities from all property taxes.

The result

These initiatives, and their rigorous and continuous renewal, led to Boston's resurgence as one of the most prosperous cities in the U.S. Today its technology industry, providing 24,000 jobs and $15.8 billion in economic activity, is the second largest in the USA. Boston is also the second-ranked American city for technology start-ups and has a booming financial sector which employs 180,000 people. Per capita GDP has reached $66,000 a year, up 16 percent in 12 years despite the financial crisis and national economic problems.

The Big Dig – A Massive Project

A beautified city and a city for everyone

Boston also made a priority of beautifying the city and improving its citizens' quality of life. The massive Big Dig project was accompanied by the Main Street Programme, a partnership between the city, private foundations and investors to revitalize commercial arteries, renovate its port, and improve access to the shoreline.

The city also converted obsolete federal social housing into mixed dwellings. These new developments had occupants from every income level, preventing the emergence of fresh pockets of poverty and social distress.

Nicknamed the Big Dig, the project to bury the Central Artery was initially announced in 1985 with a budget of $2.5 billion but it ultimately required a $24 billion investment. That was the cost to transform the six-lane expressway, not unlike Montreal's Metropolitan Autoroute, into a 5.5 kilometre tunnel covered by green space. The work began in 1991 and was completed in 2007.

2.2 Manchester, a glorious past and, at last, a brilliant future

Manchester is in England's heartland. With some 2.7 million inhabitants, it is the second largest metropolis in the U.K. It is famed as the world's oldest industrial city, nicknamed Cottonopolis for the dozens of spinning mills which rapidly sprang up after 1780. As the first industrial city, it was also the site of early workers' uprisings. Textiles were followed as a core activity by finance and, in the twentieth century, manufacturing. But decline began in the 1960s, in part because the Manchester Ship Canal was too narrow for the new container ships.

For 25 years, Manchester seemed frozen in the contemplation of its glorious past. Between 1961 and 1983, the city lost 150,000 manufacturing jobs, about 10 percent of its workforce. The decline in maritime transport led to the closure in 1982 of the port, which still employed some 3,000 workers. The city's future looked bleak.

The turnaround (1997 to today)

Manchester's revival began in the late 1990s with an extremely ambitious infrastructure renewal plan involving public-private partnerships (PPP). One French newspaper called its rapid transformation "the resurrection of Manchester."

All-out PPP offensive

Manchester invested $1.1 billion (£650 million) in its infrastructure program. The city was supported by wealthy individuals, including the owner of the Manchester City football club, who invested $830 million (£500 million). The British government backed the initiative by investing in the PPP projects and organizing international architectural competitions to bring a bold new look to city's existing mix of old stone and brick buildings.

Projects, some of which still continue, included:

- **Modernization of the airport**: $1 billion (work began in 2012).
- **Expansion of the MetroLink light rail system**: $510 million for the first two phases (1989–1997), one third private funding.
- **Launch of the Atlantic Gateway redevelopment project**: $23 billion over 30 years (under way).
- **Development of the MediaCityUK creative and digital hub**: $1 billion (work began in 2007).
- **Reconstruction of the city centre** after a 1996 bombing: $680 million, solely from insurance payouts.
- **Construction of a new district**, North Manchester (NOMA): $1.3 billion (under way).
- **Cutting-edge waste management system** that eliminates landfills: $1 billion (operational since 2009).
- **Expansion of the Manchester University campus**: $1.7 billion (completion planned for 2020).

Through this investment, Manchester has affirmed its centres of excellence. These include media and digital technology (the city is the main base outside London for the BBC and Google UK), corporate services (it is ranked as Europe's fifth best non-capital city in which to set up a company) – and its love of sports. Hosting the 2002 Commonwealth Games was an opportunity to showcase the booming city to the 53 Commonwealth countries, while its two main soccer clubs, United and City, are among the six richest in the world with combined revenues of £634.2 million ($1.05 billion) in 2012-3.[6] Having rediscovered its strength and ambition, Manchester also adopted a three-part branding that it trumpets in every forum and across the web: "The Number One Choice," "Inspirational City," and "Global Creative Hub."

[6] Deloitte. *All to play for Football Money League* (January 2014).

Figure 7 – Bold architecture: the MediaCityUK creative and digital hub

The result

These efficiently-coordinated projects have transformed the city and reinvigorated its economy. From 1995 to 2002, Manchester's GDP rose 60 percent. Long caught in the throes of depression, Manchester has been reborn and is today rated the fifth most dynamic city in the UK.

2.3 Melbourne, recovering from a devastating recession

With some 4.3 million citizens, Melbourne is Australia's second largest city after Sydney. Located in the southwest of Australia, on a bay off the Bass Strait, the metropolis is made up of approximately 30 local administrations. Known as 'Marvellous Melbourne' during the Gold Rush years of the 1850s, it was for a long time Australia's largest urban centre. It is a leading industrial hub, Australia's main seaport, home to major automobile factories (Ford and Toyota), capital of the state of Victoria and a very popular tourist destination.

Melbourne fell fast, but the brutality of the crash was equalled only by the energy of the comeback. A stock exchange crash in 1987 unleashed the severe recession that ravaged the city's economy from 1989 to 1993. Unemployment more than doubled to 11.4 percent, with the textile industry shedding 30 percent of its jobs. Strict budgets led to substantial cuts in

public services, health and education. Three commercial banks failed: Tricontinental, State Bank of Victoria, and Pyramid Building Society. "Marvellous" quickly became "Morose".

The turnaround (1993–2009)

The metropolis's revival was jointly coordinated by municipal and state governments. Several public bodies were abolished or privatized. Priority was given to promoting the city as a tourist destination and holding major events.

This based Melbourne's revival on its centres of excellence with the highest added value. Each year, the city welcomes 7.6 million Australian tourists and some two million international visitors. Tourism alone accounts for 34,000 jobs and economic activity in the order of $16 billion[7] a year.

Tourism and major events

Investments were perfectly aligned with tourism as a strategic priority:

- **Construction of the Crown Casino and Entertainment Complex**: $2 billion (completed in 1997).
- **Construction of the Melbourne Exhibition and Convention Centre**: $250 million.
- **Upgrading the highway network serving Melbourne's business district, CityLink tollway, 22 km long**: $1.8 billion.
- **Investment of $45 million to host the Australian Grand Prix (Formula One)**.
- **Grant programs for the holding of sports and cultural events, the Triennial Sponsorship Program**.

The city also adopted the Melbourne Tourism Industry Leadership Program. This performance excellence training plan aims to transform tourism industry employees into hospitality professionals. Emphasis is placed on leadership development, partnership between the industry and government, innovation, and management strengthening. Melbourne also spent $250,000 to rationalise its visual presentation. More than 50 separate logos were replaced by a single futuristic M whose many variants maintain their connection to the original.

[7] The Australian dollar is at par with the Canadian dollar.

Figure 8 – Melbourne Exhibition and Convention Centre

Figure 9 – Melbourne and its logos

The result

By taking rapid action focussed on a single, high value sector (tourism), Melbourne reversed the damage caused by a severe recession and restored economic vitality.

Between 2001 and 2013, Melbourne's per capita GDP grew 22 percent to reach $62,000.

2.4 Philadelphia, historical city modernized

With nearly six million inhabitants, Philadelphia is the fifth largest urban agglomeration in the U.S. and the largest city in Pennsylvania. The metropolitan area is comprised of three main cities: Philadelphia, Camden, and Wilmington. It has a remarkable history. It was here that Benjamin Franklin created the concept of the modern city, that was both cradle and cockpit of the American Revolution and was the new nation's capital before the inauguration of Washington DC. It was an epicentre of the American industrial revolution in sectors ranging from textiles to metallurgy, and from naval and railway construction to pulp and paper.

A city of dreams and social movements, Philadelphia was often a stage for upheaval. Decline set in from 1950 and lasted more than 40 years. Squalid and inadequate housing led to demonstrations. Race riots became common with the advance of the Civil Rights Movement, leading to white middle-class flight from Center City. The city was caught in a downward spiral of unemployment, poverty, violence, drugs, and gangs. In 1985, a police helicopter dropped a bomb on a residential neighbourhood to dislodge members of the radical group MOVE. The toll was horrifying: 11 dead (five children and six adults) and 61 dwellings destroyed.

By 1990 the city had hit rock bottom:

- Philadelphia had 400,000 fewer residents than in 1960;
- The city's crime rate was one of the highest in the United States;
- Approximately 60 percent of elementary school students came from poor families;
- Philadelphia had the worst credit rating of all the country's major cities; and
- The city was so dirty that high winds created trash storms.

The turnaround (1992–2008)

Philadelphia's revival was coordinated by Mayor Ed Rendell, often called the city's saviour. Mayor Rendell implemented a comprehensive plan to rescue the city's finances. He reduced payroll expenses through wage freezes and job cuts, while increasing revenue through video lotteries and taxes on tobacco and natural gas. At the same time, to attract new companies, he lowered business taxes four years in a row. He also worked to attract new inhabitants to Center City, converting old office buildings into condominiums to encourage social diversity. A Private Sector Task Force was created to stimulate private investment and business involvement in the downtown renewal plan.

Renewal was symbolised by landmark construction. The $522 million Wells Fargo Center – home of the NHL's Flyers and the NBA's 76ers – helped to breathe new life into the city, while the Comcast Center, head office of cable company Comcast, has come to symbolize

Philadelphia's rebirth. The $540 million, 58-storey, ultramodern building was designed with exceptional concern for energy efficiency and drinking water conservation, and is said to be the tallest green building in the U.S. The real-estate boom was also boosted by the hosting of the Republican Party National Convention in 2000, putting Philadelphia back in the spotlight.

Projects centred on citizens

Mayor Rendell also created the Special Services District, a team with two very specific missions:

- **Clean and Safe**: This initiative, aimed at cleaning the streets and accompanying pedestrians who feared for their safety, literally took people by the hand in order to bring them back to the city. Its impact was immediate and profound – in a single year, the crime rate dropped 22 percent.
- **Beautiful and Fun**: A program which encouraged citizens to frequent the downtown by improving signage and street lighting and encouraging late store opening on Wednesday evenings.

The entire renewal plan focused on bringing people back into the city center and improving the quality of life. It helped revitalize Philadelphia's centres of excellence and improve its economic and social dynamic.

Philadelphia has become the second-ranked city in the U.S. for life sciences, which account for 15 percent of its economic activity and more than 380,000 jobs. It is also the third largest centre of innovation in the United States, based on annual research and development expenditures. Finally, Philadelphia is the top U.S. city when it comes to direct spending on culture. Nearly 45,000 people work in its countless theatres, museums, and cinemas.

With its lively downtown and its cutting-edge sectors of excellence, Philadelphia now markets itself under the slogan "Smart City. Smart Choice."

Figure 10 – The Comcast Center

The Comcast Center has become the symbol of Philadelphia's revival. Completed in 2008, the 58-storey skyscraper is the city's tallest as well as the tallest "green building" in the United States.

The result

Philadelphia's turnaround has been exceptional. It can today boast a highly educated workforce, modern infrastructure, and a forward-looking economy based on green technology and life sciences. It also stands out for its great quality of life, leadership in sustainable development, affordable cost of living, and wealth of cultural activities.

Philadelphia ranked in 2010 as the seventh most prosperous city in the US. Per capita GDP has grown steadily since 2001 and is currently $53,000. It is also the American city with the strongest growth in international tourism.

2.5 Pittsburgh, a true renaissance city

While Canadians know Pittsburgh as the home of Mario Lemieux, Sidney Crosby, and the Pittsburgh Penguins, the United States has long known this metropolis of 2.4 million as the Steel City. Like Montreal, Pittsburgh is a city of many bridges. It sits on a wedge of land bordered by three rivers – the Allegheny and the Monongahela, which join to form the Ohio. It was the convergence of railways with these rivers and the great Mississippi and Ohio waterway which made the city a major industrial hub. Pittsburgh was once the model of a prosperous and vibrant budding metropolis with a bright future. In 1960, it became the first city in the world supplied with electricity from a nuclear generating station, the nearby Shippingport Atomic Power Plant.

But the Steel City melted down during the recession of the early 1980s. The steel industry collapsed. Unemployment tripled, rising from 6 percent in 1979 to 15 percent in 1983, and 18 percent at the height of the crisis. No fewer than 200,000 workers lost their jobs. Major corporations like Gulf Oil and Rockwell packed up and left. More than 1,500 white collar jobs were eliminated, including around 1,000 research positions held by PhDs.

The turnaround (1992–2008)

Pittsburgh's revival was manufactured by its mayor, Richard Calliquiri. His Renaissance II civic renewal plan, developed in association with the Pittsburgh History & Landmarks Foundation and supported by the Pennsylvania state and federal governments, invested in the city's attractions and real estate to stimulate economic development.

Renaissance II

The city adopted strong measures to attract new businesses. These included land banking, tax exemptions, assistance for new company installation and the creation of a department of economic development with a $29.5 million start-up fund.

Figure 11 – PPG Place

The PPG Place, a flagship project from the Renaissance II plan, has become Pittsburgh's signature building. The building is 194m high and is referred to as "The Crown Jewel of the Pittsburgh Skyline".

The state of Pennsylvania invested $950 million in nine Renaissance II projects. These included the redevelopment of Station Square, now a major tourist attraction, and the construction of PPG Place, a prestigious professional and commercial complex seen as the flagship project of Pittsburgh's rebirth

Meanwhile, Carnegie Mellon University and the University of Pittsburgh repositioned themselves as centres of excellence in science and technology. This led to national coverage including a National Public Radio story entitled "From Steel to Tech, Pittsburgh Transforms Itself."

Today the former Steel City has made the transition to the post-steel era and brands itself as "America's Most Livable City". Its economy is now dominated by the service sector. The largest single employer is the University of Pittsburgh Medical Center, with 55,000 employees, part of a health sector which provides 190,000 jobs. High-tech also plays a major role, with the city boasting a "mini Silicon Valley" which includes a renowned robotics institute. Tourism has boomed - Station Square sees some 3.5 million visitors annually.

Pittsburgh does not currently rank among the wealthiest cities. Per capita GDP in 2013 was $45,000, with nearly 20 percent of its population below the poverty line. So resurgence remains a work in progress. But it has responded to deindustrialization by giving itself a new personality and rejoining the pack of the most dynamic cities in the U.S. An exceptionally low crime rate, by US city standards, underlines its claims about quality of life.

2.6 San Diego, from military to technology

San Diego is in southernmost California, adjacent to the Mexican border. It was in Mexico from 1821 to the end of the Mexican-American war in 1848, but has been described as the birthplace of California. It is today a metropolis of 3.2 million comprising three main cities: San Diego, Carlsbad, and San Marcos.

San Diego's deep water harbour made it both a commercial and a naval port. It has been one of the US Navy's largest bases since the early years of the 20th century. The base stimulates significant economic activity, with some 15,000 companies supplying the US Navy.

Commercial activity was stimulated by the opening of the Panama Canal in 1914, since San Diego is the first American port for westbound ships that turn north upon exiting the canal.

San Diego was ravaged by military downsizing under the Defense Base Closure and Realignment Act of 1990. Sixty thousand 60,000 jobs – 10 per cent of the sector – were lost due to the decommissioning and relocation of military bases and research centres. Navy suppliers suffered bankruptcies and layoffs. The area was also hit hard by the Savings and Loan crisis of the early 1990s, with three major savings banks collapsing.

The turnaround (1992–2008)

San Diego's revival was orchestrated by its mayor, Susan Golding. Her plan was to make the metropolis the most inviting region for new communications and IT companies.

A priority: welcoming new ventures

Mayor Golding's approach was straightforward: to make setting up shop in San Diego cost less than elsewhere. To accomplish this she cut public spending, lowered corporate taxes and spearheaded a drive to streamline government.

- The city cut 18 percent of municipal jobs in departments other than public security. This left San Diego with one of the smallest public service workforces in the US, 33 per cent smaller than Los Angeles and 20 per cent fewer than New York proportionate to population.
- Forty by-laws viewed as business-complicating red-tape-generators were eliminated. Every company seeking to locate in San Diego was assigned a contact person to address formalities. The time taken to issue business permits was cut by half between 1991 and 1997.
- Between 1992 and 1995, basic corporate taxes were slashed by 75 percent, with an even greater cut for businesses with fewer than 12 employees.
- Water treatment taxes dropped by 50 percent for all businesses, and 66 percent for manufacturers working in the technology sector.
- By 1997, San Diego had lower taxes than any other major American city. The same bundle of services that cost $80 in San Diego cost $91 in Houston, $224 in Los Angeles and $683 in New York.

City infrastructure was renewed through public investment, backed by $2 billion in private funds. This created 3,500 housing units, 3,600 hotel rooms, four million feet of office space, a new convention centre and the revitalisation of the port district, with new access points to the shoreline.

In addition, the University of California, San Diego (UCSD) launched a $1 billion fundraising campaign focused on research programs and scholarships. Special effort was devoted to facilitating technology transfer between the University and businesses. San Diego adopted a brand that highlights both the surrounding environment and the technology sector –"Technology's Perfect Climate."

The result

Mayor Golding's initiative was spot on. San Diego is now the top U.S. city for biotechnology, with 56,000 jobs in the sector and economic activity in the range of $5.8 billion. It is also the country's eighth largest market for the information technology and communications sectors, with 53,000 jobs.

In spite of significant defence downsizing, the city remains home to the world's largest naval fleet and the only large submarine and shipbuilding yard on the U.S. West Coast. The sector accounts for 94,000 jobs and $10 billion in annual spinoffs.

Figure 12 – San Diego, a technology centre and still a major naval base

2.7 Seattle, the return to glory

Seattle, the largest city in Washington state in the U.S. Pacific Northwest, is located a 90-minute drive south of the Canadian border. It is a metropolis of 3.4 million formed from three main cities: Seattle, Tacoma, and Bellevue. Its development occurred in phases. The first, in the 19th century, was fueled by timber, the next by the gold rush, and then the third by shipbuilding. Seattle has also always been a major port for trans-Pacific trade. But it is

Boeing that has made Seattle distinctive from other great coastal cities as a global centre of excellence for aerospace. Founded in Seattle in 1916, the company built military aircraft during the Second World War, before the postwar commercial aviation boom propelled it and the region to economic success.

68,000 layoffs in three years

Seattle's spectacular rise was matched only by its notorious fall at the end of the 1960s. Stagflation (an economic slowdown combined with a rising inflation rate) coupled with surging oil crises was more than Boeing and thus Seattle could handle. Between 1968 and 1971, the aircraft manufacturer, far and away the region's largest employer, laid off 68,000 employees. The standard of living dropped precipitously and Seattle lost 10 percent of its population. On April 16, 1971, real estate agents Bob McDonald and Jim Youngren expressed the region's despair when they put up a billboard alongside the Pacific Highway with the message, "Will the last person leaving Seattle turn out the lights."

Figure 13 – In April 1971, this billboard symbolized Seattle's despair

In the same year a desperate city renovated and adapted the facilities of the 1962 World's Fair with an eye to hosting cultural events. The Northwest Folklife Festival, today Seattle's largest single event, was born. In 1973, the University of Washington was transformed into a research centre. Ambition was growing, but morale remained very low as the 1970s

continued to test the city. Boeing's meltdown was accompanied by a steady decline in the natural resources sector. Fishing, logging, mining, farming – nothing was spared. Nobody took much notice of the arrival in 1979 of a 13-person firm called Microsoft.

The turnaround (1986–2008)

Seattle's revival cannot be attributed to any one individual. It was rather a case of a community – businesses, investors and philanthropists in synergy with state government – rallying across the region and projecting itself boldly into the future. By the early 1980s, the worst had passed. Boeing had begun rehiring and a promising high-tech sector was emerging on Microsoft's coattails.

Figure 14 – Built for the 1962 World's Fair, the Space Needle remains the emblem of Seattle

Forerunner for sustainable development

Seattle did more than get back on its feet. It found a new way of living. Several years before the expression "sustainable development" became official in a UN report[8], Seattle had seen the promise of a new era in the intersection of economy, environment, and quality of life.

In 1981, and again in 1986, voters authorized Washington State Housing Commission bond issues worth $48 million and $50 million respectively. These funded the construction of 93,000 family dwellings, and a building for 147 non-profit organizations. The move helped attract large numbers of young families and spurred growth in the high tech sector. Microsoft was by then well known in the region, which also counted Amazon among its rising stars, and the list kept growing. Further initiatives followed:.

- The state and city jointly offered Boeing a $3.2 billion tax exemption to keep assembly of the 787, then at the project stage, in the region.
- The city broke new ground by requiring compliance with the LEED environmental standards for all public buildings 5,000 square feet or larger in size.
- Microsoft co-founder Paul Allen invested $500 million from his own company, Vulcan, and from the Allen Family Foundation to form a medical research institute.
- Microsoft invested $1 billion to expand its Redmond campus, while the technology and software industry was buzzing with activity.

The result

With a per capita GDP of $63,000 in 2013, Seattle is today one of the most prosperous metropolises in the United States. It has rebranded itself with a new urban lifestyle, attracting the young generation that brought with it the boom in technology and helped to reaffirm the city's role as a global aerospace centre.

Seattle is also the American metropolis with the highest proportion of college graduates (52% of its working population holds a bachelor's degree or higher). It is the leading U.S. city for information and communications technology, with a specialization in software creation. All told, the sector accounts for 100,000 jobs. Seattle is once more the world's leading aerospace centre with 650 local companies, including Boeing. But where Boeing alone had 100,000 employees in 1968, today the entire sector has 82,000. Seattle is also recognized for its environmental expertise and leadership and is home to an unmatched 400 LEED-certified specialists.

[8] *Our Common Future* (also known as the *Brundtland Report*). United Nations World Commission on Environment and Development. Oxford University Press, 1987.

2.8 Surprising similarities

These seven cities on three continents, all comparable to Montreal, found their way back to prosperity. Some emerged from a decades-long decline, while others bounced back more quickly. Each has its own story, and adopted measures to fit its specific conditions, but there are many similarities in the principles which guided their actions.

None left revival to chance. It involved systematic, measured programs deployed over several years. Each city targeted only a few centres of excellence, limiting the number of projects to avoid a scattered approach or spreading resources too thin. Public and private investors were mobilized around these priorities. Actions were coordinated by clear leadership at the metropolitan level and supported by higher levels of government. Lastly, a strong brand image was adopted and promoted effectively.

Two overarching themes have emerged from their experience: modern infrastructure and a marked concern for citizens' quality of life. In every case, the aim was to make the city a great place to live. Emphasis varies from city to city, but these principles were common to all, making it much easier to understand and map the recovery strategies.

Figure 15 – A summary of Boston's turnaround

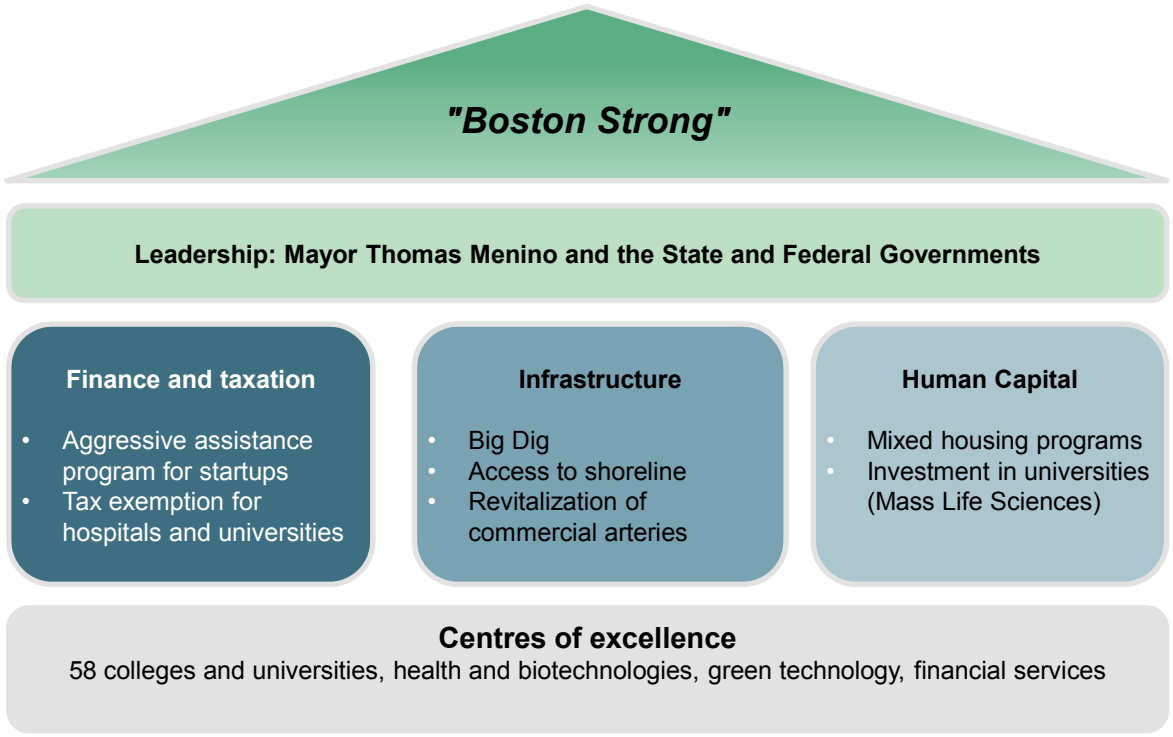


Figure 16 – A summary of Manchester's turnaround

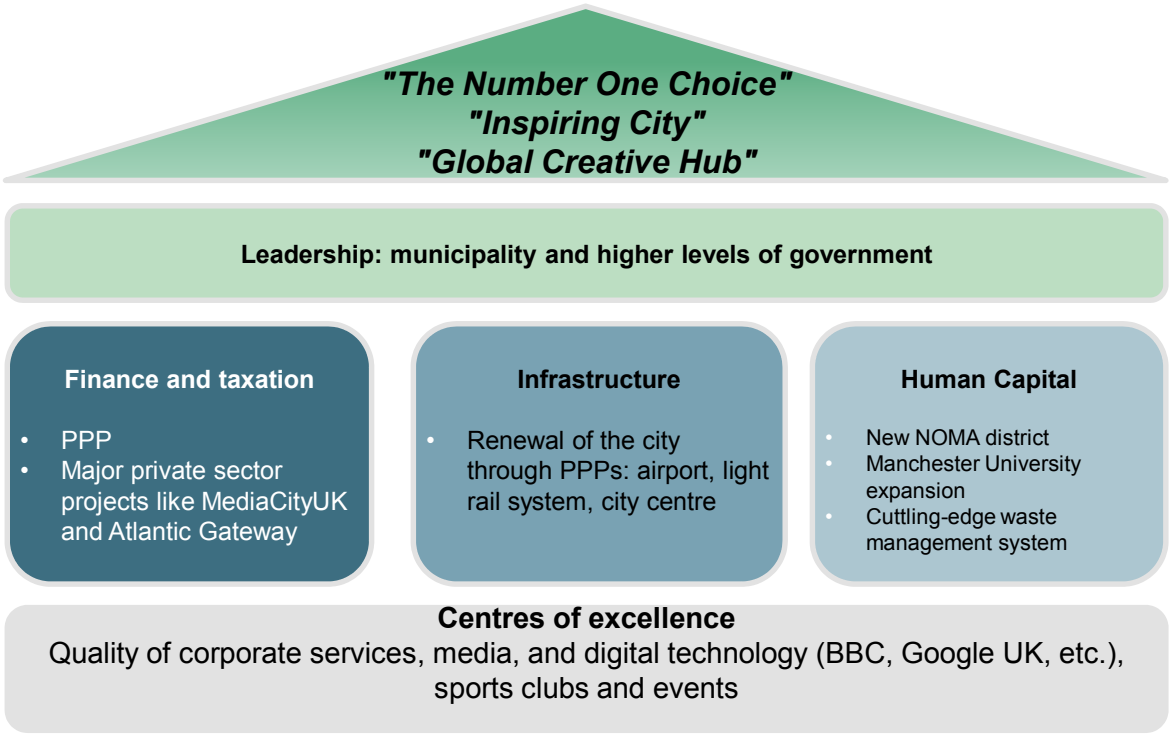


Figure 17 – A summary of Melbourne's turnaround

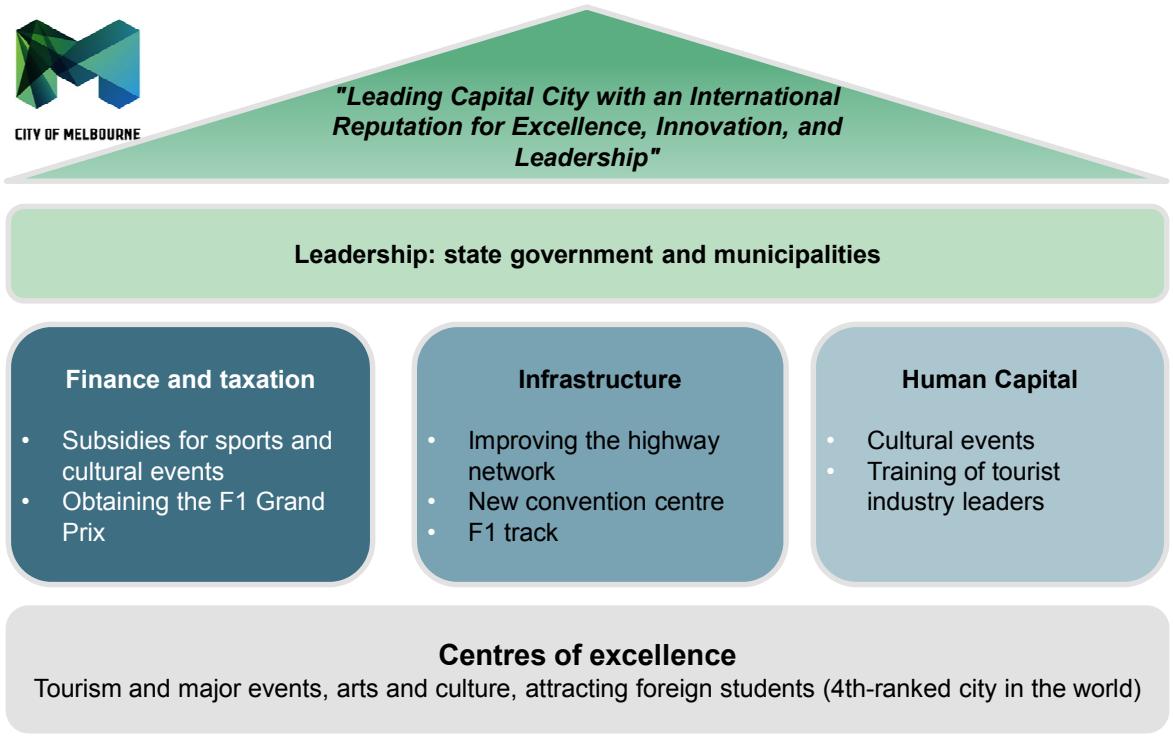


Figure 18 – A summary of Philadelphia's turnaround

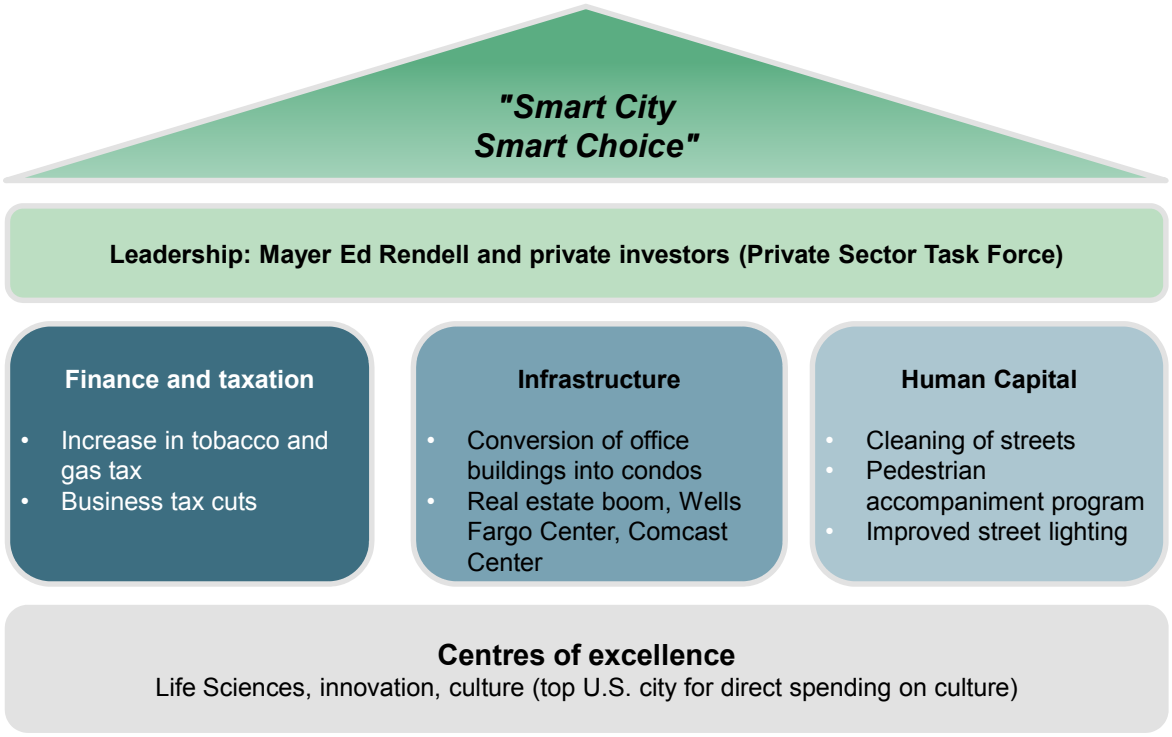


Figure 19 – A summary of Pittsburgh's turnaround

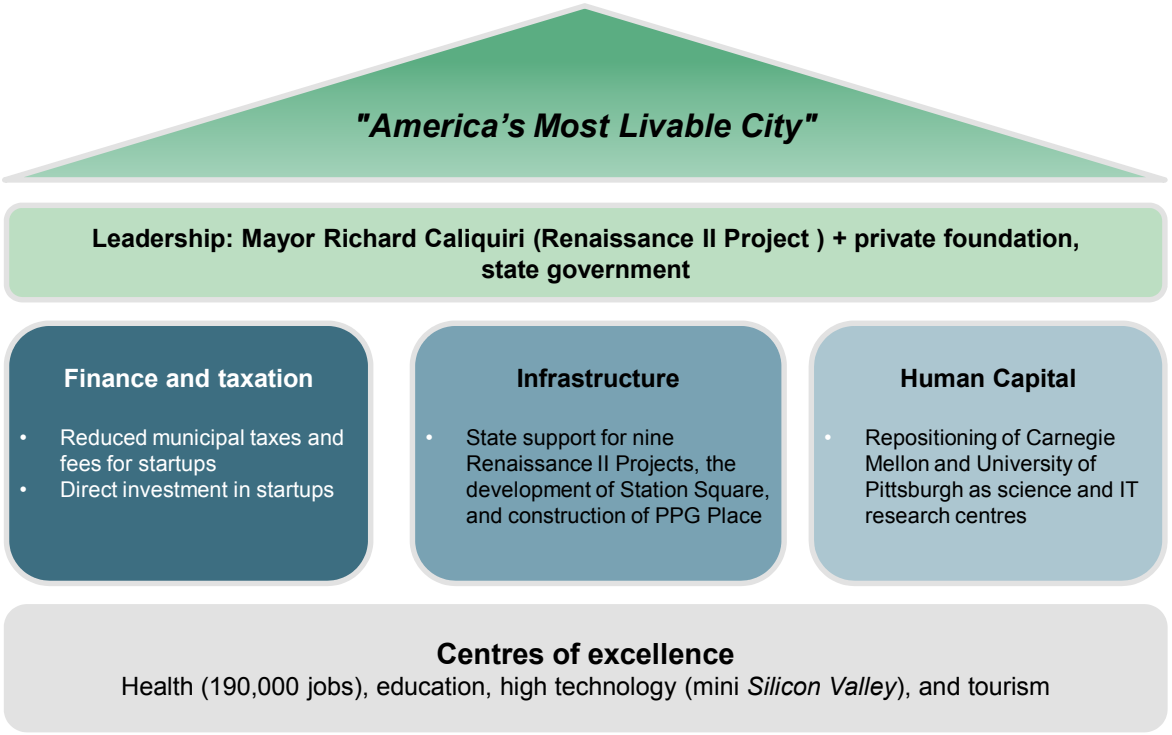


Figure 20 – A summary of San Diego's turnaround

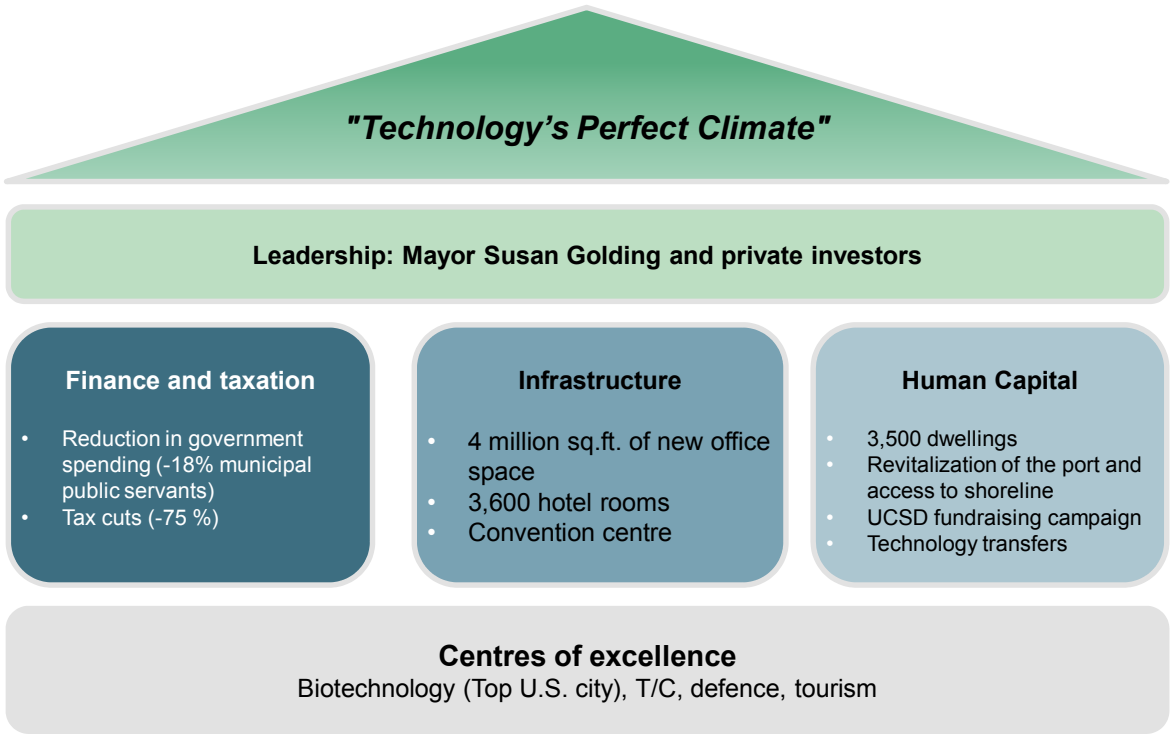
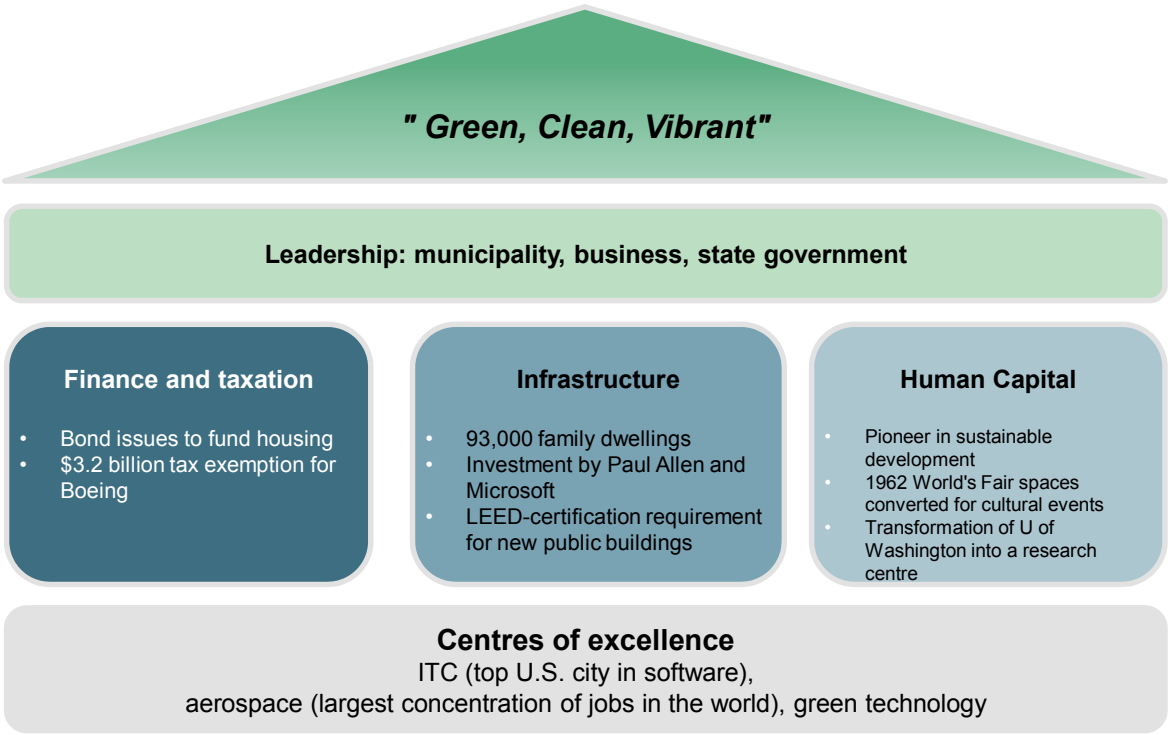


Figure 21 – A summary of Seattle's turnaround



Our next step from these summaries of successful revivals symbolized structurally as houses was to start assembling the materials for a Montreal house by finding the advantages our metropolis can bring to its own revival.

3. MONTREAL'S MANY ADVANTAGES AS SEEN BY 50 OF ITS LEADERS

As part of this study, the BCG team discussed Montreal's advantages and challenges, and the means for meeting them, with more than 50 local leaders. The sample was intended to be representative of the various facets of Montreal's economic, social, and cultural life. Although some had been politically active, none was at the time of their interview.

Figure 22 – Montreal leaders interviewed

Consumer products
- Aldo Bensadoun *(Aldo)*
- José Boisjoli *(BRP)*
- Martin Deschênes *(Deschênes)*
- Andrew Molson *(Molson Coors)*

Telecom, media, technology
- Louis Audet *(Cogeco)*
- Arnold Beaudin *(Technoparc)*
- Jean-François Bouchard *(SidLee)*
- Rémi Marcoux *(Transcontinental)*
- Jacques Parisien *(Astral)*
- Claude Séguin *(CGI)*
- François-Charles Sirois *(Telesystem)*
- Alexandre Taillefer *(XPND Capital)*

Social economy
- Leopold Beaulieu *(Fondaction)*
- Lyse Brunet *(Avenir d'enfants)*
- Pierre-Gerlier Forest *(P. E. Trudeau Foundation)*
- Lili-Anna Peresa *(Centraide)*
- Michèle Thibodeau-DeGuire *(Centraide)*
- Michel Venne *(Institut du Nouveau Monde)*

Culture and tourism
- Simon Brault *(Culture Montréal)*
- France Chrétien-Desmarais *(President, Society for the Celebration of Montreal's 375th Anniversary)*
- Daniel Lamarre *(Cirque du Soleil)*
- Andy Nulman *(Just For Laughs)*
- Gilbert Rozon *(Just for Laughs)*
- Alain Simard *(Equipe Spectra)*

Finance
- Pierre Boivin *(Claridge)*
- Jean-Guy Desjardins *(Fiera Capital)*
- Jean Houde *(Finance Montreal and Gaz Métro)*
- Alain Miquelon *(Montreal Exchange)*
- Monique Leroux (Desjardins)
- Roland Lescure *(CDPQ)*
- Michael Sabia (*CDPQ*)

Health care
- Pierre Anctil *(Montreal Heart Institute)*
- Dr Hélène Boisjoly *(Fac. of Medicine, UdM)*
- Dr Pierre Bourgouin *(Fac. of Medicine, UdM)*
- Dr Fabrice Brunet *(Sainte-Justine UHC)*
- Dr David H. Eidelman *(Fac. of Medicine McGill)*
- Geneviève Fortier *(Sainte-Justine UHC)*

Industry and engineering
- Laurent Beaudoin *(Bombardier)*
- Sophie Brochu *(Gaz Metro)*
- Jacynthe Côté *(Rio Tinto Alcan)*
- Pierre Shoiry *(Genivar)*
- Thierry Vandal *(Hydro-Québec)*

Politics and economy
- Raymond Bachand *(Former Finance Minister)*
- Françoise Bertrand *(Fédération des Chambres de Commerce du Québec)*
- Jean Charest *(Former Premier)*
- Marcel Côté *(Founder of Secor)*
- Daniel Gagnier *(Former Chief of Staff of Premier Jean Charest)*
- Michel Kelly-Gagnon *(Montreal Economic Institute)*
- Michel Leblanc *(Board of Trade of Metropolitan Montreal)*
- Pierre Lortie *(Dentons, former Senior Partner of Secor, BBD)*
- Eric Noel *(Oxford Analytica)*

Education
- Pierre Fortin *(UQAM)*
- Heather Munroe-Blum *(Former Vice Chancellor of McGill University)*
- Claude Montmarquette *(CIRANO)*
- Michel Patry *(HEC)*
- Louise Roy *(Université de Montréal)*
- Alan Shepard *(Concordia University)*

Context of the meetings

Each interview was approximately one hour in length. They took place between August 2013 and January 2014. The discussion generally involved two BCG representatives and the leader, who, in most cases, was unaccompanied.

Each leader was briefed in broad terms before discussion began. They were told that it was a study of several cities comparable to Montreal which had recovered after a decline, with the idea of drawing applicable lessons from their experience. They were also shown charts summarizing Montreal's current situation (those shown in Figure 3).They were then encouraged to express their thoughts on reviving Montreal, focussing on three subjects:

- **The starting point**: How do you see Montreal's current situation, advantages, and challenges?
- **Leadership**: How should leadership be structured to ensure Montreal's revival? What can we count on? How should the revival effort be organized?
- **Ambition and priorities**: Where do you see Montreal in ten years? What priorities and goals can we reasonably set for ourselves?

The motivation for our approach

The leaders were told that they would not be quoted and that remarks would not be attributed to them personally. There were three main reasons for this:

- We wanted a frank discussion based on personal experience. For this they had to feel they could speak freely. Some might otherwise have been constrained by their positions from, for instance, commenting on public policy.
- Our aim was to find common ground in viewpoints, not to focus on personal beliefs.
- Our conclusions, presented later in this report, flow from analysis and interpretation of the ideas raised by the leaders interviewed. They were not submitted to the leaders for their approval, so cannot be attributed to them personally.

A note about corruption

Several leaders stressed the importance of dealing with corruption and re-establishing the integrity of the metropolis's administration. Indeed, this is one of the basic conditions for reviving Montreal. Since our focus is on the medium and long term we have dared to believe and assume that measures now in place, in particular the Charbonneau Commission, the Unité Permanente Anticorruption (UPAC), and Opération Marteau, will take effect by then.

3.1 Montreal's advantages

The leaders' opinions showed many areas of agreement, and a shared understanding of what they consider Montreal's strong points.

The leaders largely agree on:

- Montreal's many centres of excellence: health and medical research; academic training; technology; aeronautics; pharmaceuticals and biotechnology; clean tech; video games; tourism; culture and fine dining; retail; finance; mining and metals; and transportation and logistics;
- The extraordinary asset represented by its universities and their associated schools, Montreal's reputation as a university city and the presence of a large university student population, including many foreign students;
- Montreal's diversity and the harmonious co-existence of its numerous cultural communities;
- Montreal's creativity, seen in both its rich and spirited cultural life and the dynamism of creatively-driven economic sectors , such as software and video game design;
- Several leaders also mentioned the solidarity found among the people of Montreal: The many social organizations, citizens' generosity toward each other, and the compassion that makes this metropolis a friendly and humane city.

- In short, Montreal is an exceptionally livable city.

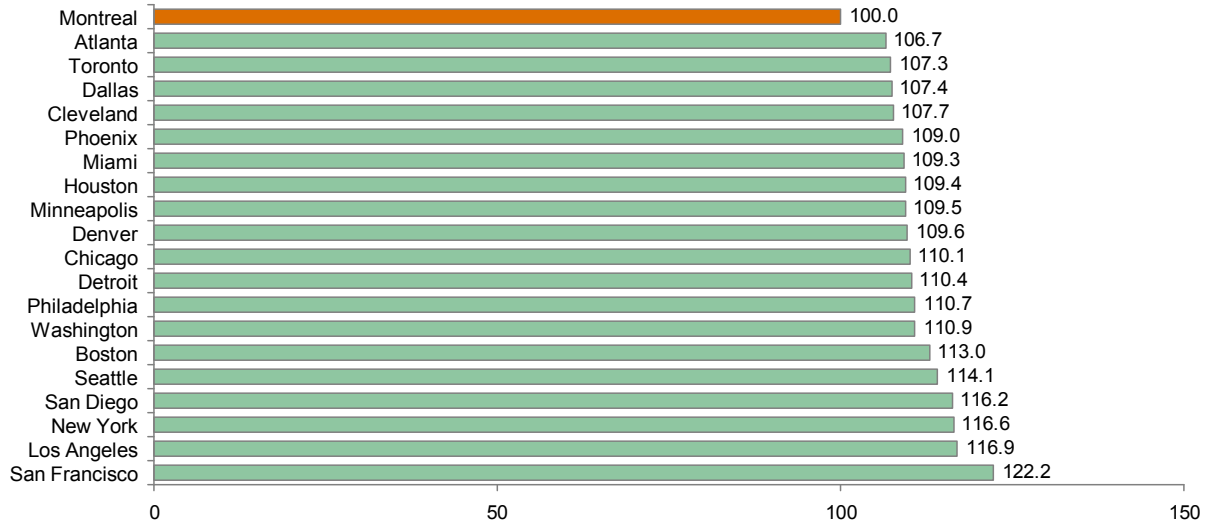
Interestingly, statistics support the leaders' impressions.

Economic advantages

Montreal enjoys significant economic advantages. Compared to other North American metropolises it offers some of the lowest overall company operating costs and one of most advantageous tax environments for research and development. It also has the most affordable rents of any Canadian metropolis and ranks fourth among them and in the top 30 worldwide for quality of life.

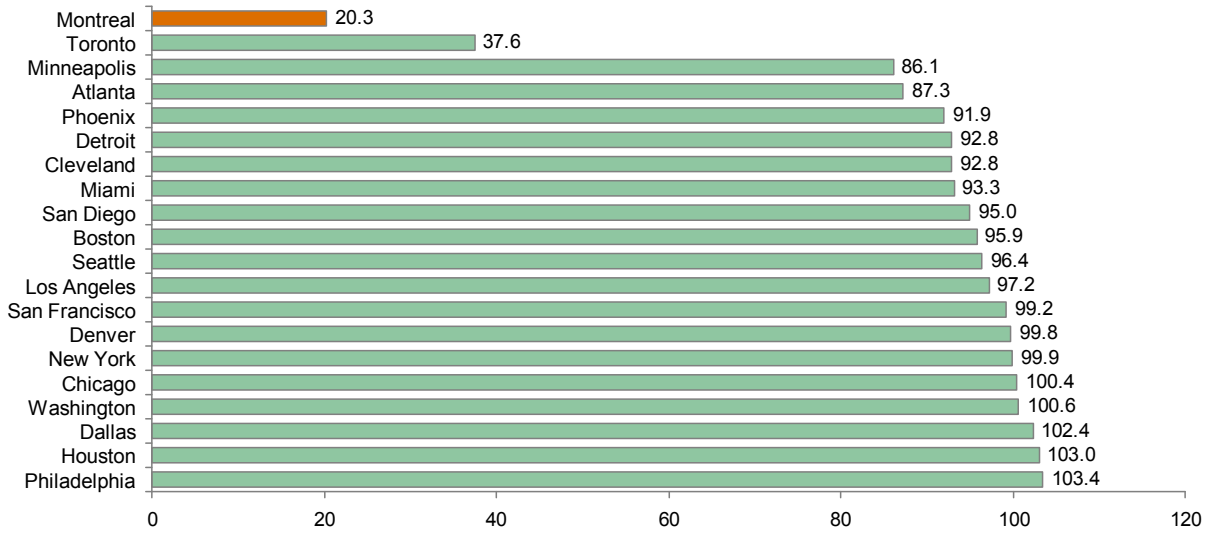
Proportional to its population, Montreal has more students than Boston. A total of 170,000 students attend its four universities and affiliated schools, 11 university-level institutions in all. It was rated the best city in the world in terms of overall return on investment for foreign undergraduate students by an Economist Intelligence Unit survey in 2013.

Figure 23 – Total operating cost for Montreal companies among the lowest in North America



Total operating costs of a company in an average of 19 business sectors for the 20 largest metropolitan areas in North America in 2012. Montreal = 100. C$1 = US$1. KPMG, *Competitive Alternatives Interactive Cost Model, 2012*.

Figure 24 – Montreal offers advantageous tax conditions for R&D activities



Average tax index for R&D companies in the 20 largest metropolitan areas in North America in 2012. Average for U.S. metropolitan areas = 100. C$1 = US$1. *KPMG, Competitive Alternatives 2012, Special Report: Focus on Tax, 2012*.

Figure 25 – Montreal, the Canadian metropolis with the most affordable rents

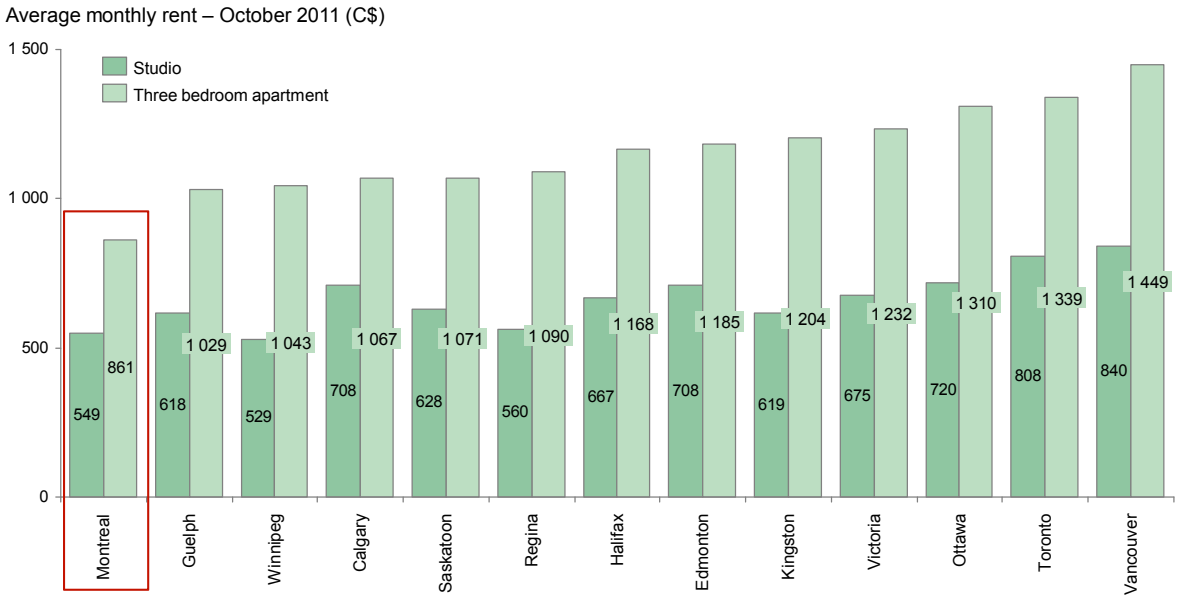


Figure 26 – Montreal, the world's best city for foreign students to study in

Rank	City	Score	Rank	City	Score	Rank	City	Score	Rank	City	Score
1	Montreal	72.4	21	Brisbane	60.3	41	Amsterdam	55.1	61	Brussels	48.8
2	London	70.2	22	Canberra	60.3	42	Heidelberg	55.1	62	Santiago	48.3
3	Hong Kong	69.2	23	Taipei	60.3	43	Gothenburg	54.7	63	Gottingen	47.7
4	Toronto	69.1	24	Melbourne	60.0	44	Hamilton	54.4	64	Riyadh	47.6
5	Cambridge	68.5	25	Tokyo	60.0	45	Vienna	53.9	65	Osaka	46.8
6	Oxford	67.6	26	Dublin	59.0	46	Adelaide	53.4	66	Daejeon	46.0
7	Boston	67.0	27	Beijing	58.9	47	Dunedin	53.4	67	Bangkok	45.7
8	Sydney	66.2	28	Perth	58.8	48	Copenhagen	52.9	68	Jerusalem	45.5
9	Zurich	65.8	29	Paris	58.6	49	Shanghai	52.7	69	Lyon	45.3
10	New York	65.3	30	Barcelona	58.4	50	Stockholm	52.5	70	Buenos Aires	44.4
11	Los Angeles	65.1	31	Edmonton	58.4	51	Mexico City	52.2	71	Madrid	44.3
12	Singapore	65.0	32	Munich	58.2	52	Sao Paulo	52.1	72	Rome	43.1
13	Philadelphia	64.6	33	Bristol	57.9	53	Nottingham	51.9	73	Innsbruck	42.9
14	Chicago	64.5	34	Auckland	57.8	54	Moscow	51.6	74	St Petersburg	42.4
15	Vancouver	62.9	35	Helsinki	57.2	55	Kuala Lumpur	51.3	75	Cape Town	41.0
16	Lausanne	62.5	36	Leuven	56.6	56	Oslo	51.3	76	Strasbourg	39.3
17	Seoul	62.3	37	Utrecht	55.7	57	Kyoto	50.4	77	Grenoble	38.5
18	Berlin	61.9	38	Austin	55.6	58	Prague	49.8	78	Mumbai	36.7
19	San Francisco	60.9	39	Seattle	55.6	59	Bologna	49.7	79	Jakarta	35.9
20	Edinburgh	60.8	40	Manchester	55.5	60	Freiburg	49.7	80	Delhi	35.8

This study from The Economist Intelligence Unit, Bocom Sea Turtle Index (2013) covers the cities in the world with universities ranked among the world's top 300. Five main criteria were studied: quality of training (73.3% for Montreal), housing (69.8% for Montreal), cost of living (57.2% for Montreal), job market for students and graduates (66.4% for Montreal), and social experience, which includes openness to foreign students and cultural life (92.5% for Montreal).

Cultural diversity

Montreal's remarkable cultural diversity is yet another advantage in terms of both competitiveness and its quality of life and human capital. Montreal is the destination for 75 percent of Quebec's new immigrants, some 45,000 people a year. Its population – drawn from 120 countries – is one quarter foreign-born and speaks some 200 languages. According to the Institut de la Statistique du Québec, 80 percent of Montreal's inhabitants know at least two languages, 56 percent consider themselves bilingual and 24 percent trilingual.

Centres of excellence

Taken together, these advantages enable Montreal to stand out in several fields:

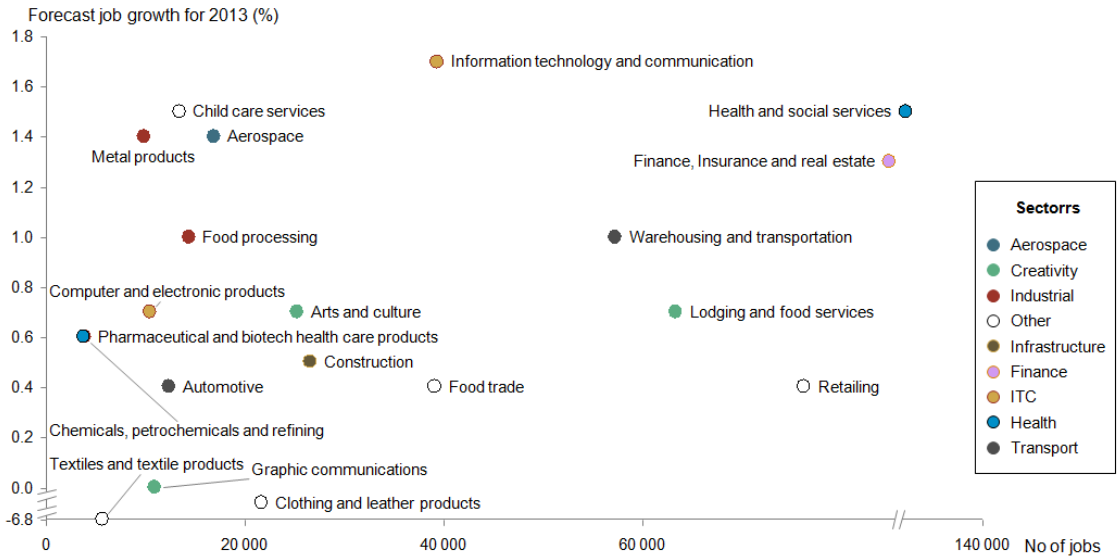
- The 17,000 aerospace jobs make Montreal one of the world's top three metropolises for the industry. Leaders include Bombardier Aerospace, CAE, Bell Helicopter, Pratt & Whitney, Heroux-Devtek, and Messier-Dowty.
- Montreal has nearly 50,000 information and communications technology jobs. It ranks second in Canada for representation among the top 250 IT companies, with leaders including CGI and BCE. With 33 studios, Montreal ranks seventh globally in video games design, a global industry now larger than the film industry.
- With 135,000 health jobs it ranks as a leading international centre, particularly for medical research. Landmark institutions include CHUM, the CUSM, the Montreal Heart Institute, Sainte-Justine UHC, and the Jewish General Hospital.
- Montreal is a hotspot for culture, creativity, and fine dining. Large crowds come to events like the International Jazz Festival, the Just for Laughs Comedy Festival, and the Francofolies. The city's innovative film industry has won Oscar nominations, while world-renowned cultural organizations include the Cirque du Soleil, Moment Factory, Sid Lee, the Orchestre Symphonique de Montréal, and Place des Arts. Moreover, Montreal is increasingly known as a destination for food lovers. This enormous culture, creativity, and fine dining sector provides nearly 100,000 jobs.
- A growing centre of excellence in finance, it has risen eight places in five years to rank 17th in the Global Financial Centres Index of the 77 most competitive financial centres around the globe.
- Home to Hydro-Québec and other internationally renowned engineering companies, Montreal has one of North America's highest urban concentrations of engineers. It stands out in transportation. The Société de Transport de Montréal (STM) was named North America's best public transit system in 2010. The engineering and transportation sector provides more than 26,000 jobs.[9]

[9] *La Presse*. 'La STM élue meilleure société de transport en Amérique du Nord'. October 28, 2010.

- Montreal is a major transportation hub for people and goods, the largest inland port in North America and second most important port in Canada.
- It is also a major player in food transformation and distribution with leaders such as Saputo, Agropur, the Coop fédérée, Metro, and Couche Tard.

This adds up to an impressive range of strengths. Montreal has a diverse economy dominated by high-value industries with solid growth potential, concentrated in communications and technology.

Figure 27 – Montreal, a diversified economy dominated by high value-added industries



In addition, Montreal is home to several world-class health projects, the only city in the world with two new university hospitals under construction. The McGill University Health Centre (MUHC) and the Centre Hospitalier de l'Université de Montréal (CHUM) are the city's biggest infrastructure projects since the 1976 Olympic Games, representing a total investment of approximately $4 billion.

MUHC will be inaugurated in the summer of 2015 and CHUM one year later. The $470 million Centre de recherche du CHUM (CRCHUM) was inaugurated on October 8, 2013, while a further $1 billion is going into the largest-ever expansion project at Sainte-Justine Hospital. Together, these initiatives will help cement Montreal's position as a world leader in university medicine and medical research.

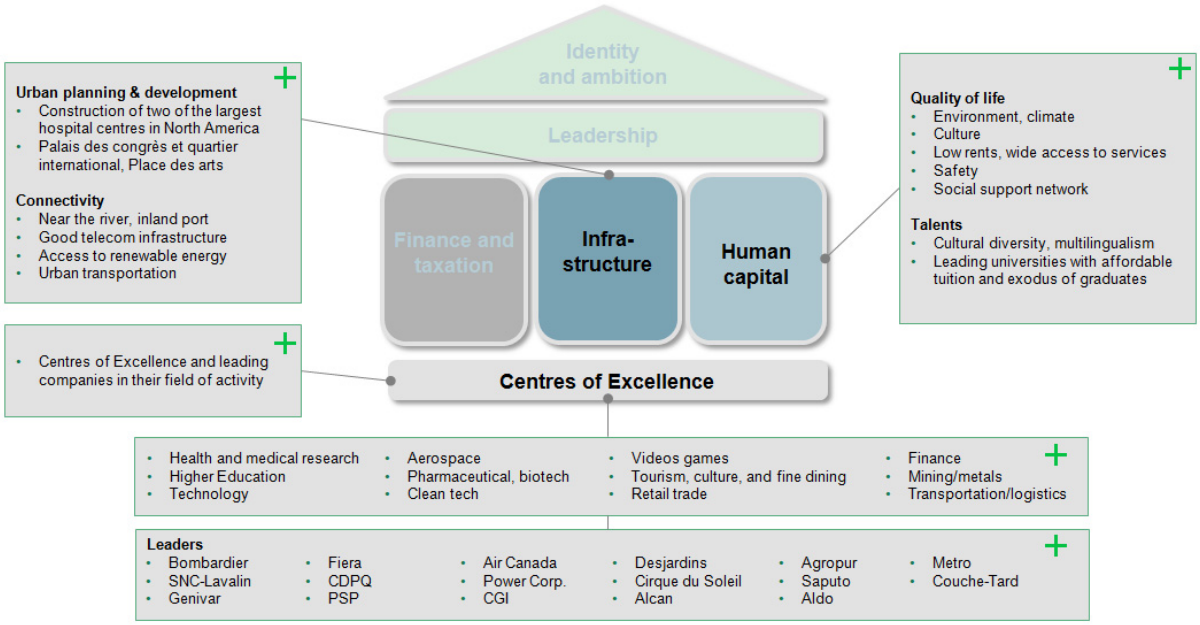
Figure 28 – The new CHUM

Figure 29 – The new MUHC

Figure 30 – The expanded Sainte-Justine UHC

Combined, all of these advantages give Montreal an enviably solid foundation for revival. Its centres of excellence, the scope and scale of its human capital, and certain infrastructure assets, mean it is arguably better primed for success than any of the other seven cities cited in this report.

Figure 31 – Montreal has many advantages on which to build success



Ambitions

With all these advantages in mind, we asked our leaders to express an ambition for Montreal and describe in a few words what they believe it could be. Here are a few of their ideas.

- **"Montreal, the North American magnet for talented people"**

  Montreal: a university city, a creative city, a city of culture, a cosmopolitan city. A rare combination in North America which should be trumpeted to attract global talent and accelerate the city's population growth.

- **"Montreal, synonymous with economic success"**

  Montreal has real economic strengths. Its centres of excellence should be validated, developed, and promoted as exemplary models. Montreal should also aim to be one of the top three to five cities in North America in each of these target industries.

- **"Montreal, the city where everything is possible"**

  With all its industries and research centres on the one hand and its diversified economy on the other, Montreal can position itself as a centre of innovation excellence by setting up effective technology transfer channels between universities and companies. Montreal could be the top spot in North America for moving good ideas to the right companies.

- **"Montreal, a modern city emblematic of sustainable development"**

  Montreal can become one of the leading North American cities in quality of life. The presence of players such as Bombardier, Hydro-Québec, the École Polytechnique, the Société de Transport de Montréal, and Rio Tinto Alcan, combined with an exceptionally high concentration of engineers should, for example, make it a centre of excellence in sustainable transportation. Montreal should also make beautifying the city a priority, and realize the full potential represented by increased access to its shoreline.

- **"Montreal, a city that surprises"**

  Montreal, a cultural metropolis, a city of festivals, a centre of design is, ironically, rather dour in its appearance. It should unleash and display the creativity in which it thrives. This should happen everywhere, in its street lighting and urban entertainment, in its metro and its taxis. Montreal should become a surprising city.

4. MONTREAL'S CHALLENGES

Yet even with all of its pluses, Montreal has significant challenges to overcome. As we have seen it compares poorly to the other major Canadian cities on four key performance measures: economic growth, disposable income growth, population growth, and unemployment rate.

And as well as agreeing broadly about Montreal's advantages, the leaders showed a comparable overlap of opinions on the challenges facing it.

Infrastructure

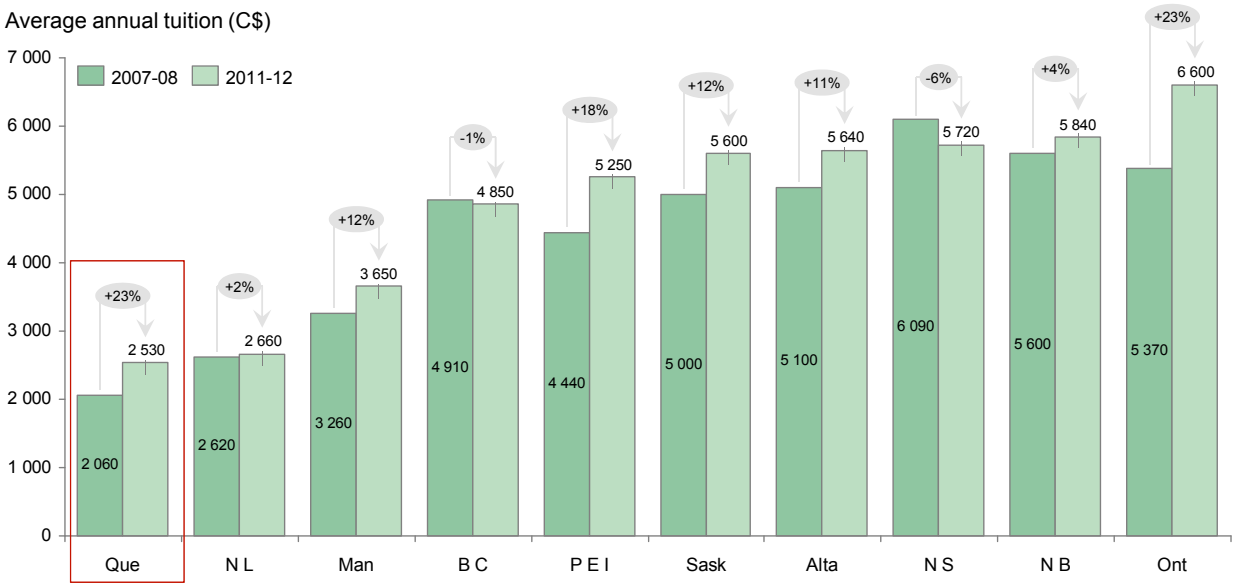
They were scathing about Montreal's infrastructure, using terms like "horrible," "embarrassing" and "abandoned city." Some even accepted some responsibility, saying that the community – business in particular – should have sounded the alarm. While there was much talk of the Champlain Bridge and the Turcot Interchange, several leaders also raised cited access to and from the airport as giving visitors and investors a negative first impression. They argue that, rehabilitating the city's infrastructure should be an opportunity to restore Montreal's image and make it look like a modern metropolis. This means that new structures should be both effective in design and bold in architecture.

Universities and their funding

Although Montreal is one of the world's leading university cities, funding remains a major cause for concern. Several of our interviewees feel that, while the relative ease of access to a university education is an advantage, the chronic underfunding of the universities is a serious worry. Montreal. In 2012–2013, Quebec universities received more than $1,000 dollars less per student ($6,825) than the national Canadian average ($7,867)[10]. This gap places a valuable asset at risk.

[10] Université de Montréal. *Mémoire déposé dans le cadre du Chantier sur la politique de financement des universités*. June, 2013.

Figure 32 – Tuition in Quebec remains the lowest in Canada



Administrative complexity

Many leaders deplored the complexity of public administration in the metropolis. This makes it difficult to undertake projects that involve numerous stakeholders: borough mayors, the city halls of Montreal, Laval, Longueuil, the federal and provincial governments and bodies such as the Montreal Metropolitan Community (MMC). The jurisdictional overlaps are many and the zoning fragmented. There is no overarching vision, and this administrative maze has a cost. Some projects get bogged down in disagreement, while others are delayed. Businesses and citizens alike suffer from inefficient decision-making and excessive red tape. This tangle of jurisdictions and authorities is clearly not conducive to investment.

Montreal's power

Discussing administrative complexity led many interviewees to raise the specific issue of Montreal's power. The city has little or no means of directing its economic, cultural, and social development. Montreal's mayor has no more power than a small-town mayor, and nearly three-quarters of tax revenues come from property taxes. It is held back by a lack of either the powers that befit a true metropolis or an adequate means for exercising those powers.

The need to join together and act inclusively; the discomfort around the "charter"

Many leaders reckoned Montreal's cosmopolitanism to be one of its great strengths, but feared for the future of this characteristic. In particular some were harshly critical of the

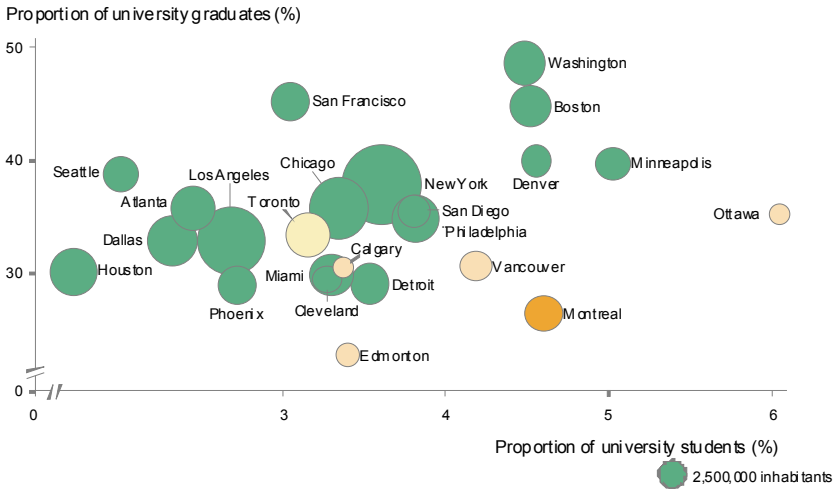
government's proposed "charter of values." For them, Montreal is the embodiment of an ethnic and religious diversity displayed through its universities, large hospitals, and cosmopolitan city halls. The proposed policy, they fear, could disrupt the city's exceptionally harmonious sense of community by introducing job discrimination. It would make attracting and retaining talented people more difficult at a time when Montreal's population growth is already weak. It would also endorse a certain intolerance. Several felt that this ill-advised project seeks to reassure citizens who live outside the metropolis and are seldom exposed to immigration and the richness that the city represents, increasing the gap between Montreal and the regions. It would be better to promote ethnic and religious diversity across Quebec than to penalise one of Montreal's true strengths.

Language

The issue of language was addressed by several leaders. They consider that the emphasis on the French language in the immigrant selection process restricts the pool of talent on which Montreal can potentially draw. They believe it would be better to cast the net wider and invest more in French language promotion. Others, referring to the government's position, want to switch from a defensive to a more positive attitude to language. Instead of making French a limiting factor, it should be affirmed as one of Montreal's advantages, particularly in view of the recent free-trade deal with Europe.

Other challenges to Montreal

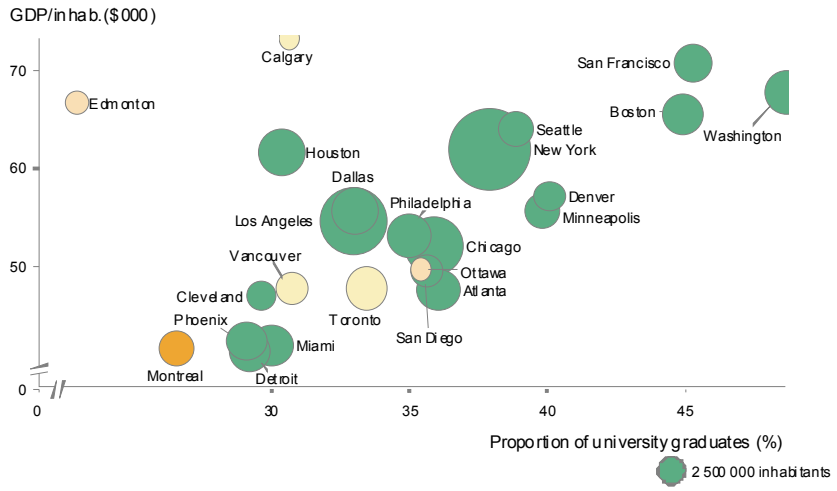
Figure 33 – A university town with few remaining graduates



It is ironic. In Montreal, one of the world's top university cities, graduates are a lower proportion of the population than in many other metropolises.

There are two reasons. First, a demographic reality: Young people are more educated than their parents, but the low birth rate in recent decades has slowed the rise in the proportion of graduates in Montreal's overall population.

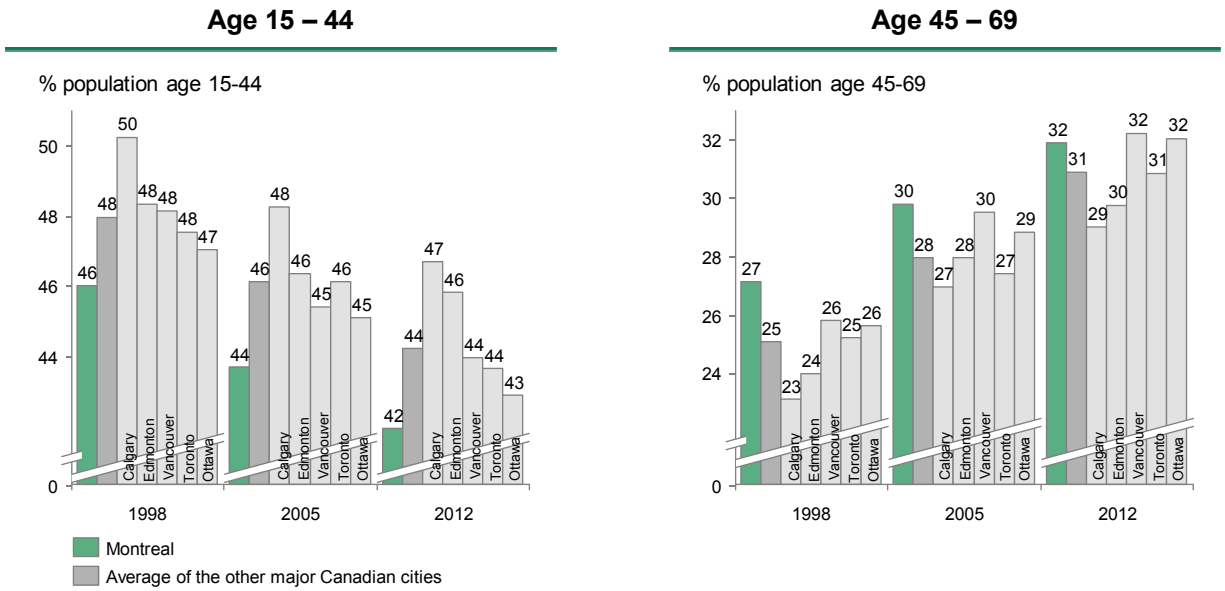
Figure 34 – Per capita GDP vs. proportion of university graduates



The other reason is that a high proportion of graduates educated in Montreal end up leaving the city.

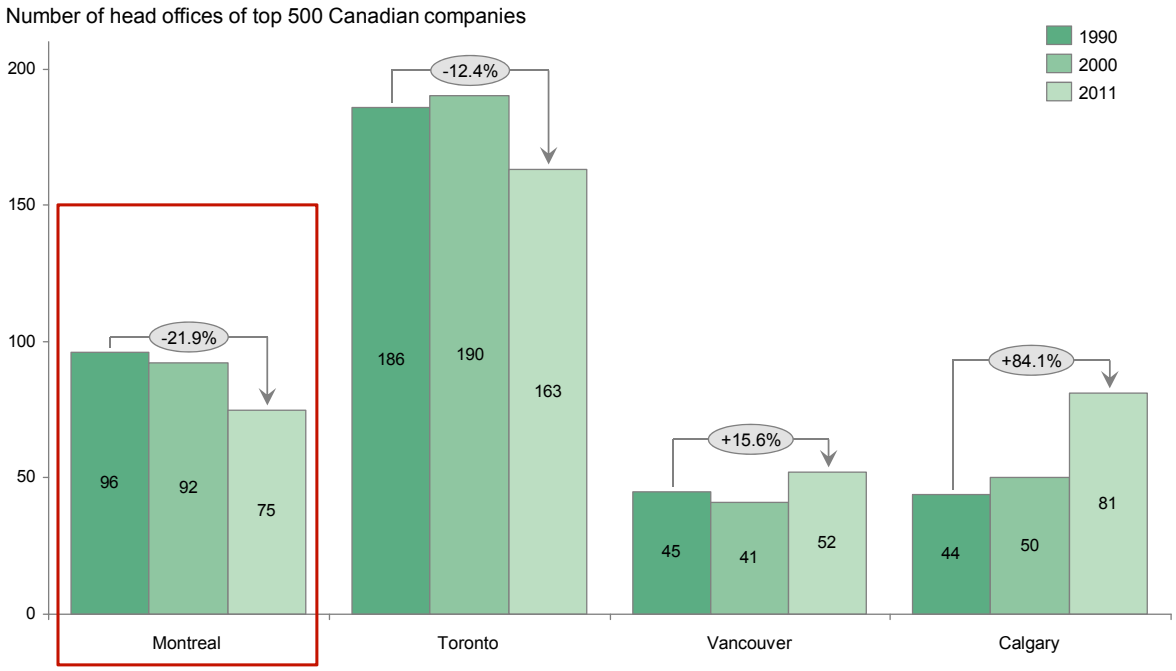
A metropolis's wealth is directly related to the proportion of university graduates in its population. So Montreal may be paying a heavy price for not retaining more talented people.

Figure 35 – Montreal is aging faster than other major Canadian cities



An aging population is affecting Montreal severely. The proportion of young people is decreasing faster than in the other major Canadian cities, while the share of seniors is increasing faster. This is further proof that Montreal attracts relatively few young people, and struggles to retain many of the thousands of students who form the largest university population in Canada.

Figure 36 – In 20 years, Montreal has lost 20% of its major head offices



Leadership

Our interviews make it clear that the first step in revitalizing Montreal has to be re-establishing clear leadership.

It was agreed that Montreal needs a clear leader who will be listened to and respected by the Quebec and federal governments, and who can unite the other mayors of the MMC. Yet the issue of leadership is still broader than that.

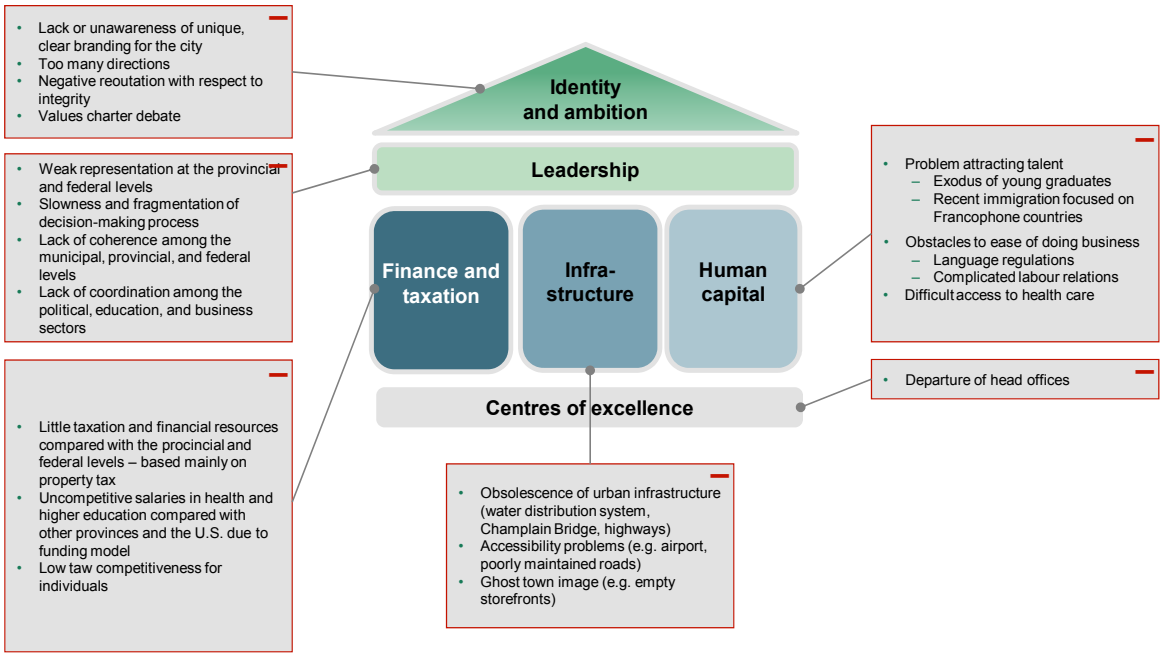
Several interviewees see Montreal as a victim of politics. The heart of the metropolis, Montreal Island, is not in play politically. Few ridings change colour from one election to next at either federal or provincial level. So, in spite of its size, Montreal is not a city that makes or breaks governments. Elections, whether national or provincial, are won and lost elsewhere. This electoral dynamic partly explains the lack of interest in Montreal and the split between Montreal and the other regions of Quebec. It explains why the notion that Montreal's success is key to Quebec's success is largely absent from public discourse.

Our leaders call for a state of mind which appeals to the common spirit in order to engage municipally elected officials, higher levels of government, and citizens:

- This common spirit should lead the municipalities of the MMC to self-identify as part of Montreal. Outsiders see Montreal as including Laval and Candiac. Quebec's metropolis should adopt a shared, inclusive, and unifying identity. This does not negate local and neighbourhood realities, but assumes that if everyone works for the success of the whole, benefits will also flow to the neighbourhoods of the constituent cities.
- This common spirit should lead higher levels of government to re-emphasize the notion that the success of the metropolis which generates more than half of Quebec's economy is in the direct interest of all citizens. In recognising Montreal's full importance, they should provide it with appropriate revenue streams and powers.
- This leadership shared by Montreal's mayor, MMC elected officials and the higher levels of government should also involve the community – the citizens themselves. Only when citizens can see themselves as part of the solution will they become involved in municipal life. They must feel that their leaders are working for them by, for instance, delivering effective services, making their surroundings more beautiful, improving access to the shoreline, and creating green space in their neighbourhoods.
- This community involvement should extend to business leaders. Heads of companies which employ talented resources and generate the city's wealth also share responsibility for the neglect that has affected Montreal. They should claim their place, act as involved and responsible citizens, invest in their growth, take part

in projects with a social dimension, demonstrate their pride in being Montrealers, and contribute to the resurgence of Canada's second largest city.

Figure 37 – Montreal faces significant challenges



In summary, Montreal's advantages are many and its challenges significant. But the leaders we interviewed believe that it is possible to turn its fortunes around by building on these advantages and tackling challenges head-on. This will demand leadership that is strong, shared, inspiring, and mobilizing. It will also require setting a limited number of priorities. And, finally, it needs a shared and effectively promoted identity.

If these conditions are met, Montreal has every chance of turning its current situation around and, within the next decade, taking its place among the North American cities recognized for their economic dynamism, prosperity, and quality of life.

5. TEN PROPOSALS FOR REVITALIZING MONTREAL

This project was sparked by an intuition. We believed that there must be other cities like Montreal which had plotted a return to prosperity after a period of recession. By applying various filters, we came up with a list of such cities. We examined how they revived themselves, and noted significant similarities. We then drew parallels between these shared experiences and Montreal's in order to highlight our metropolis's comparative advantages and challenges.

A shared understanding

At the same time, we met more than 50 of Montreal's leaders from a variety of backgrounds. We asked how they see the city's current situation and foresee its revival. These local leaders share an understanding of Montreal's advantages and challenges. Without being told about the other cities, they pointed spontaneously to many factors in their rebounds. These include building on core strengths; having a limited number of priorities; having a clear, shared leadership and channelling public and private investment. Underlying everything is making the quality of life a priority and creating an attractive, hospitable city which shows real concern for its citizens through the quality of its services and its welcoming environment.

So our leaders' shared notions of how to revitalize Montreal are in line with successful experiments elsewhere. Assuming, as we believe, that these leaders are representative of the community, this points to an intuitive collective understanding of how to put Montreal back on the track to success and prosperity.

Building collective awareness

Knowing something must be done is one thing. Making it happen is another and requires a vital step – the building of collective awareness. This is done by realizing both that Montreal has an extraordinary, albeit underexploited, potential and that a metropolis is a joint project. The solution does not lie in Quebec City or Ottawa, nor in Montreal's city hall or universities, nor in its businesses or cultural institutions, but everywhere at the same time. We are all part of the solution. The only possible ambition for Montreal is a collective ambition based on a collective awareness.

The following two diagrams speak volumes. They depict the key words taken from 200 press articles about Montreal during a 24-month period ending in December 2013. The more often a word is mentioned, the larger it appears in the word cloud. The first is based on a review of the international media. The words or phrases "university," "research," "show," "financial," and "Cirque du Soleil" are among the largest. So, to the outside world, Montreal is a centre of knowledge and a creative city. Compare this with the second word

cloud, based on a review of the French-language press in Quebec and Canada. This paints a gloomy picture whose most common words include *grève* (strike), *accusé* (defendant) and *victime* (victim), but nothing that denotes success or ambition.

Figure 38 – Montreal as seen by the international press

Figure 39 – Montreal as seen by the Quebec and Canadian French-language press

While local events explain much of this difference, it is clear that public discourse in Montreal has become defeatist and far removed from the city’s many appealing qualities.

Montreal can return to greatness

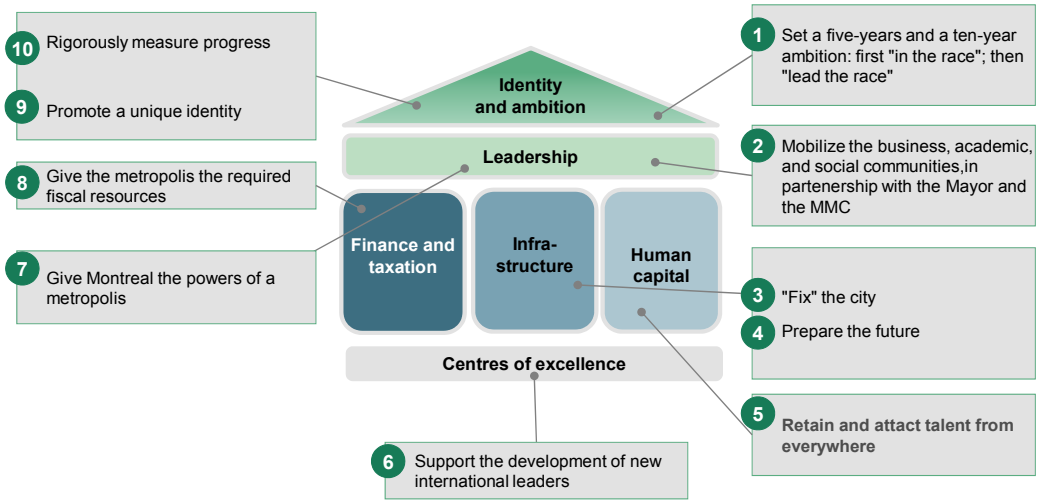
It is essential to move beyond this myopia. To find its way back to greatness, Montreal must learn again to see itself in a positive light. We must believe that we can restore the canvas that is Montreal, celebrate its diversity as a major cosmopolitan city, and see its distinctive francophone-anglophone duality as a unique advantage. That Montreal has French and English universities, major hospitals, and institutions that exist side by side and sometimes compete is not a zero-sum game, but an extraordinary positive. It is a permanent, daily opportunity to interact and grow through two of the world's largest linguistic communities and become a bridge between Europe and America. This unique characteristic should be a global magnet for talent. Montreal has the potential to offer opportunities available in few other cities.

5.1 A ten-point revitalization program

We have developed 10 proposals for the revitalization of Montreal, based on our leaders' areas of agreement and the experience of our seven similar cities.

We use the term "proposal" deliberately. This analysis is a purely voluntary exercise. It is not a work commissioned by a government or a committee leading to a "report" and "recommendations." It is a contribution by a group of citizens keen to help start a movement toward Montreal's economic and social betterment. Our "proposals" are thus not prescriptive. They do not aim to tell elected officials what to do. Instead, they aim to crystallize thinking, to spark involvement by the community, and to rally young people. In putting forward these proposals, we declare that Montreal can be revived. We submit them, freely and without discrimination, to all groups, citizens, and elected officials committed to the success of our metropolis.

Figure 40 – Ten proposals for revitalizing Montreal



Proposal 1: Set an economic ambition – first to rejoin the pack, then to run with the leaders

The ideas behind this proposal appear obvious. Yet the Montreal community has never formally set itself the goal of closing the economic gap between it and Canada's other major cities. We should make it a priority objective around which all can rally. This economic objective is also a social objective, since it is economic growth which generates the resources and revenues necessary to better aid, support, and share. Montreal's resurgence should lead to population growth, unemployment rates, and GDP growth comparable to other large Canadian cities. These economic priorities should be widely shared and thoroughly described in a plan, then followed by appropriate actions. If this happens, the experience of our other cities suggests that Montreal could reach the Canadian average within five years, and become one of Canada's top performing cities within ten. All other proposals support this fundamental goal.

Figure 41 – Proposal 1

	Historical 1998-2013			2019	2024	
	Montreal	Average of other Canadian cities[1]	Leader[2]	5-year ambition Montreal[3]	10-year ambition Montreal[3]	
Net demographic growth	1,0%[4]	1,9%[4]	2,7%[4]	1,4%[6,7]	1,9%[6]	• By relying on retention, reach a growth rate in line with the average for the other Canadian cities
+	~35 000[5]			~55 000	~85 000	
Unemployment rate	8,5%[5]	6,0%[5]	4,9%[5]	7,3%	6,0%	• Lower rate by 0.25% a year to reach the average • Corresponds to 5,500 to 6,500 additional jobs per year
= GDP growth	2,1%[4]	3,1%[4]	3,8%[4]	3,0%[8]	3,5%[8]	• "In the race" in five years • "lead the race" in ten years

Proposal 2: Mobilize the business, academic, and social community in partnership with City Hall and the Montreal Metropolitan Community

It is time to put an end to finger-pointing and the laying of blame at the doorstep of Quebec City, Ottawa, or City Hall. In its place should be a dynamic of shared responsibility. If we accept that a metropolis is a joint project, each of us must own this mission.

We should implement joint leadership based on the fundamental idea that reviving Quebec's metropolis and Canada's second largest city benefits everyone. It means giving up parochial and electioneering mindsets in favour of our collective well-being.

This clear leadership should have a central pivot: Montreal's mayor. It should receive the committed cooperation of the higher levels of government. This means training a group of

leaders with representatives from the business, higher education (college and university), social, and cultural communities who can support the mayor's actions. It should take part in identifying and carrying out promising projects, and in getting citizens involved in determining their outcome.

This leadership should involve the universities and colleges proactively – not merely as mere "components" of the community but as a key part of Montreal's identity, a formidable pool of talent, and a vital link in technology transfer and innovation.

Proposal 3: "Repair" the city

Nothing more need be said about Montreal's infrastructure and the economic and social consequences of its sorry condition. It is no fluke that every city whose revival we studied implemented a major infrastructure program which was backed by a modern urban planning vision.

Beyond the imperatives of reconstructing the Turcot Interchange and Champlain Bridge and the repair of roads and highways, the main priority should be providing efficient service from Pierre Elliot Trudeau International Airport. This is not just a matter of efficiency, but of eliminating the poor first impression the trip gives of Montreal.

Proposal 4: Project ourselves into the future

Montreal needs to get more than improved infrastructure from its heavy investment in these strategic projects. They should also project the metropolis into the future through architectural boldness and showcasing Quebec know-how, particularly in engineering.

This infrastructure work should also aim to beautify and add green space to Montreal. The goal is to make citizens want to stay in the city, to increase the city's density, to improve life in the neighbourhoods, and to evolve toward a modern urbanism inspired by sustainable development. The redesign of Sainte Catherine Street, which some would like to see turned into a pedestrian mall, could become one of the flagship projects of Montreal's 375th anniversary. The refashioning of one of the metropolis's legendary arteries should be a model of boldness, conviviality, and sustainable development. Private partners from the business community should rally to this project. As well as improving Montreal's quality of life, these projects should also add to its appeal. The 8.43 million visitors attracted to Montreal in 2013 were a small increase on 2012, according to the Greater Montréal Convention and Tourism Bureau.

The historic investments in the university hospitals should be extended as part of a clear strategy to modernize Montreal's "health district" and attract life-sciences companies.

Similarly, investments in transportation infrastructure and the Quebec government's programme to convert transportation systems to electric power should rally the community around making Montreal, including a port which is one of the largest in eastern North America, a model of sustainable, intermodal transportation.

Proposal 5: Retain, attract, and welcome global talent

Let us repeat Montreal's unique paradox: The city with most university students in Canada is also one of those which employs the fewest university graduates. Montreal is at once a nursery of talent for other Canadian and North American cities and a metropolis whose population is aging faster than other Canadian cities.

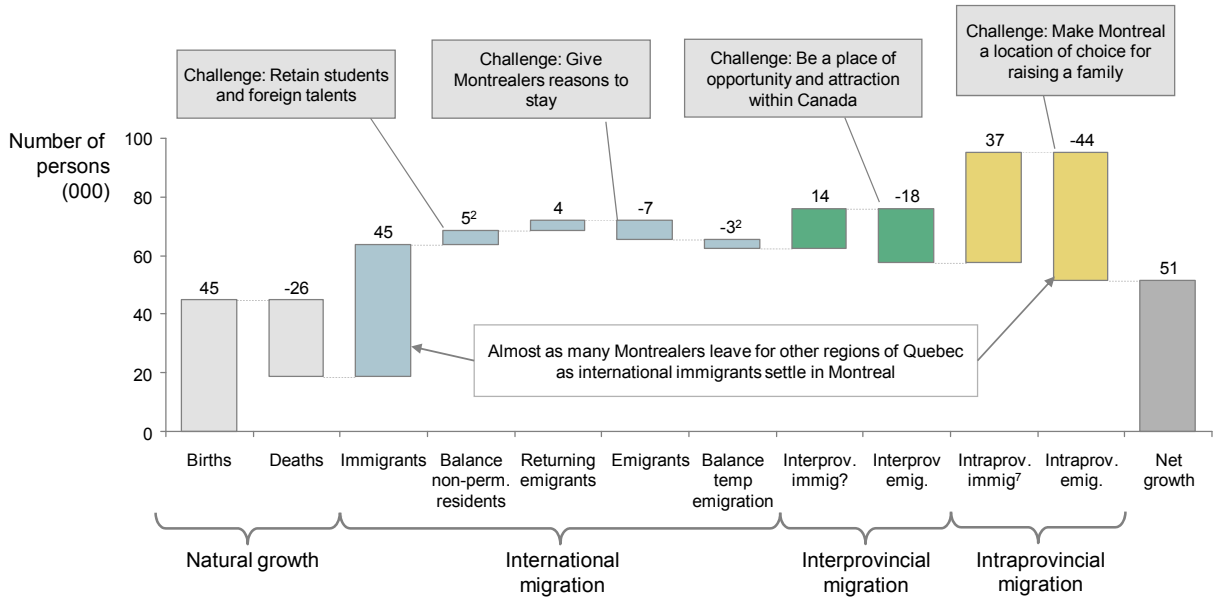
To have so many young people merely passing through is to waste talent and lose economic opportunities. Remembering that a metropolis' level of prosperity is directly related to the proportion of university graduates in its population, Montreal must develop a strategy for retaining the talented people it educates. In particular it should offer more career opportunities and develop better incentives to support budding entrepreneurs. From this standpoint, the proposed charter of values sends a negative message.

The Quebec government has for the last two years issued a selection certificate, via its *Programme de l'expérience québécoise*, to international students who have earned their diploma from a Quebec institution. Students have to meet set criteria, such as knowledge of spoken French, are met. This document, issued by the Department of Immigration and Cultural Communities, favours the retention of talented individuals since it is required to obtain Canadian citizenship.

Montreal should emphasize is advantages in order to attract and retain talented individuals, as it already does to attract and retain families.

The following chart of migratory movements reveals Montreal's revolving-door reality. Its population is growing, but by very little, with nearly as many departures as arrivals.

Figure 42 – Migratory movement in Montreal, 2011–2012



Proposal 6: Favour the emergence of new international leaders

Montreal has lost out through the departure of several head offices in the last 20 years. These decision-making centres do not merely provide many high-paying jobs. Innovation and strategic management functions congregate around them, and they generate a large number of indirect jobs in R&D and corporate services. They also add lustre to the international reputation of metropolises, and tend to attract other head offices.

It would be wrong to assume that Montreal can lure back the head offices it has lost. So the challenge it faces is to make it possible for new leaders to emerge. To do this, Montreal should build on its centres of excellence (health and medical research, higher education, aerospace, communications and IT, engineering, finance, creativity) to favour the rise of its top performers so they reach the scale of international leaders. By adopting targeted policies coordinated with higher levels of government, Montreal should identify the members of its "champions' club" and find ways of accelerating their growth.

The Quebec government appears to understand this. In its recent industrial policy, *Priorité emploi*, it sought to identify 300 *gazelles* – companies with high growth potential in an industrial cluster or an area of excellence. Each will be assigned a project officer to assist their development.[11] The metropolis should match this initiative.

[11] *Priorité Emploi*. Gouvernement du Québec. October, 2013

Similarly the creation in 2006 of Aéro Montréal, bringing aerospace companies together under the banner of strategic collaboration, favours new leaders. In the same spirit Finance Montréal, set up in 2010, aims to promote Montreal's rise among major North American financial centres.

As these industrial clusters help energize business sectors, the next step should be to establish "inter-cluster" collaboration in order to stimulate innovation.

Proposal 7: Give Montreal the powers of a metropolis

While much in leadership depends on personal political heft and skills, there is no doubt that Montreal lacks the means for asserting its authority enjoyed by other Canadian and North American metropolises. The mayor of Canada's second largest city has little more power than the mayor of a rural municipality. There is a model for rectifying this provided by the *City of Toronto Act*, passed by the Ontario government in 2007. Montreal should have a similar law.

The Act recognizes the City of Toronto as a powerful driver of economic prosperity for both Ontario and Canada. It also recognizes that the City of Toronto requires flexibility to fulfil its responsibilities as a metropolis and focus on the key issues for its citizens and businesses. Specifically, the act grants Toronto:

- The power to adopt by-laws for promoting the city's economic, social, and environmental well-being;
- Increased scope to raise new revenues;
- Increased power in urban planning and development.

The act states: "The Assembly recognizes that it is in the interests of the Province that the City be given these powers."

One promising step has been taken here in Quebec. On June 12, 2008, the Quebec government and the city of Montreal signed the *Entente pour la reconnaissance du statut particulier de Montréal*. This agreement recognizes Montreal's special status and gives it the power to diversify its revenue sources. It states specifically:

Granted to the CITY, as has been granted to the City of Toronto, a new enabling authority with respect to taxation on its territory, with the specific exception of municipal taxes on:

- *The supply of a good or service;*
- *Income, remuneration, or wealth;*
- *Any asset used to increase productivity, energy, or the material used to provide public services;*
- *Fuel, tobacco, and alcohol.*

While this was well-intentioned, progress has been slow. Four years later, in February 2012, Mayor Gérald Tremblay stated [translated]: "I acknowledge the Quebec government's efforts but we cannot develop Quebec's metropolis solely with property taxes. We have reached the limit. Montreal creates enormous wealth and generates sales taxes, income taxes, corporate taxes and payroll taxes, all of which go to Quebec."

Proposal 8: Give the metropolis the necessary fiscal resources

The logical follow-up to a "City of Montreal Act" is to give the city taxation powers commensurate with its size, situation, and responsibilities. Montreal currently does not, in practice, have a significant tax mechanism for influencing development within its territory.

Montreal's "personal income" has two sources: a parking tax brings in $20 million a year and, for the last two years, a surcharge on vehicle registrations has generated $30 million. So "personal income" amounts to $50 million, set against a $5 billion budget.

Current structures make Montreal a victim of its own economic development. When a company sets up shop, the city has to pay among other things for water, transit, security, waste pickup, and road and highway services. Yet apart from a few fee-based services, such as permits, the revenue from this new economic activity – the consumption, personal income, and corporate income taxes – all leave the metropolis and go to the provincial and federal governments. Montreal only benefits indirectly from its economic development, through the higher property values associated with increased economic activity. It should be freed from a situation which penalizes it for its growth by the award of true taxation powers that reward its vitality.

Increasing taxes pleases no one, particularly given that the tax burden is already Canada's highest. Montreal has long sought a share of the sales tax, but the Quebec government, which has extended the timeframe for balancing its own budget, needs this funding. In its white paper on the municipal sector, the Union des municipalités du Quebec recommends a tax reform. This would share fiscal resources according to a new division of responsibilities between the Quebec government and the municipalities.[12] The principle cited is that of subsidiarity – that the level of government best positioned to provide a service to citizens should be given the resources necessary to deliver it. Although the approach appears sensible, it is ambitious because it implies a significant reorganization of Quebec.

Some have called for the reintroduction of bridge tolls. In recent years, tolls have been imposed on the A-25 bridge in Montreal's East End and on Autoroute 30, which allows traffic to bypass Montreal Island to the south. Yet the money they make doesn't go to the

[12] Union des Municipalités du Québec. *Livre Blanc Municipal – L'avenir a un lieu* (2012).

metropolis. Both were public-private construction projects under which toll income is shared by the builders and the government. The federal government intends a similar setup for the future Champlain bridge, although the metropolis opposes imposing a toll.

Could tolls benefiting the metropolis be levied on other bridges? Suburban mayors are vehemently opposed. Tolls were also excluded from an MMC-commissioned study of road-pricing in greater Montreal, produced in early 2013 by CIRANO, an inter-university research centre. While the study focussed on funding for public transit rather than income generation for the metropolis, this exclusion shows the difficulties surrounding any such discussion. CIRANO argued, when it reported in June 2013, for a tax of three cents per kilometre travelled by drivers on Montreal's streets and highways. But since the necessary technology is not yet available, its immediate recommendation was for a temporary gas tax.[13]

The issue is forbiddingly complex, but must be addressed and made a priority.

Proposal 9: Promote a unique identity

Montreal must give itself a strong, shared, and unifying identity which can be promoted worldwide. Although it is a patchwork of municipalities, the outside world of international observers and investors considers all of Montreal, Laval and Longueuil to be Montreal, so the partners making up the MMC should unite under this identity for the well-being and progress of all. This identity should also encompass its strengths, its centres of excellence, and its ambition. Since 2007, a branding process with the theme "Montréal, cultural metropolis" has been underway. It has brought together partners from the various levels of government, and an action plan has been established. It remains to be seen whether this slogan can rally and attract, and whether this umbrella can cover all centres of excellence. The important thing is to create a unique calling card, to adopt it unanimously, and to promote it forcefully and consistently.

Proposal 10: Rigorously measure the progress made

Any serious revival effort needs to be able to measure the progress it has made, or not made. Montreal should develop a detailed dashboard to evaluate the effectiveness of favoured solutions and the progress of projects. It should also include comparisons with the performance of other Canadian cities. Results should be released to the public in order to stimulate community involvement and contribute to a feeling of pride in Montreal.

[13] CIRANO. *Étude sur la tarification routière pour la région métropolitain de Montréal.* June, 2013.

Proposal 1

Set an economic ambition: First "in the race," then "lead the race

Why?

Montreal's economic development has been less robust than that of Canada's other metropolises

- Lowest GDP, demographic and disposable income growth
- Highest unemployment rate

If Montreal stays on the same path, it will drop in global rankings

- Forecast to fall from 28th (2012) to 36th (2025) position in the Economist Intelligence Unit's global city competitiveness ranking

Set ourselves a quantifiable objective that will allow progress to be regularly measured

How?

"Montreal in ten years" in figures

- "In the race" in five years
- "At the head of the pack" in ten years

"Montreal in ten years"

"Everyone proud of Montreal"

With an eye to major trends (demographics, technology, environment, etc.), update our priorities (Montreal 2030?) and put together a master plan

Proposal 2

Mobilize the business, academic, and social community in partnership with Montreal's mayor and the Montreal Metropolitan Community

Why?

Lack of systematic coordination among public authorities, the business world, the academic community and the social sector with respect to the major issues of the urban community, including:

- Education
- Demographics
- Employment
- Urban planning and development
- Funding

Low involvement of the business community over the last ten years

- In contrast to major cities that have made a comeback

How?

Put in place a distributed, shared public–private leadership to drive and guide the city's revitalization

- Form a group made up of leaders from the business, academic, and social communities to support the mayor

Mobilize the public around an ambitious revitalization program

- Involve the public in planning for Montreal's future

Proposal 3

"Fix" the city

Why?

Infrastructure, in particular road infrastructure, has deteriorated, resulting in

- Economic costs (traffic, maintenance, etc.)
- Social costs (quality of life, safety, etc.)

The route between downtown and the airport projects a negative image

- First impression of visitors and investors

To make Montrealers feel like staying and to reverse outbound migration

- Through the rebirth and the attractiveness of the city's neighbourhoods

All major cities that have turned themselves around reinvested to upgrade their infrastructures

How?

Mobilize all government agencies involved in infrastructure construction and maintenance

- Require that they assume their responsibilities (new Champlain Bridge, airport–downtown route, Ville-Marie Tunnel, Turcot Interchange)

Increase the city's density and adopt a long-term urban development plan for its districts

Use urban planning and development as a showcase for local expertise

- New Champlain Bridge, green public transit to serve the airport, Sainte Catherine Street as a modern showcase for the retail trade

Proposal 4

Prepare the future

Why?

Major investments that should be capitalized upon

- Two of the largest university hospital centres in North America currently under construction
- Major investments in Quebec's electricity-generation capacity

Many of our existing advantages could be better exploited

- Four major universities and their affiliated schools attract students from around the globe
- A multimodal sea-land platform centred on a world-class port and Montreal's excellent location
- The convention centre and Place des Arts
- New east-west expressway corridors (autoroutes 30 and 50)

How?

Reinforce excellence in leading-edge medical research

- Make the "health district" a reality

View the "academic sector" as a centre of excellence able to

- Attract talented people, investments
- Export services
- Stimulate innovation and entrepreneurship

Rely on Montreal's connectivity to strengthen its role as a hub between Europe and North America

Take advantage of surplus electricity to encourage promising industries and make Montreal a greener city

Expand Montreal's cultural development and influence by exporting its creative expertise

Proposal 5

Retain and attract talent from everywhere

Why?

Despite the large number of university students, the city retains few graduates

- The benefits from education provided in Montreal are realized elsewhere

Montreal's demographic growth is lower than that of Canada's other metropolises

- The number of people leaving Montreal for Quebec's other regions is almost equal to the number of foreign immigrants arriving in Montreal

Retaining graduates will enrich the local talent pool and increase investment and growth

- "Talent attracts capital more effectively and consistently than capital attracts talent." – Michael Bloomberg, former mayor of New York

The proposed charter of values interferes with our ability to attract talent

How?

Succeed in retaining talent

- Specially target university graduates
- Offer opportunities and provide support for entrepreneurial initiatives

Use our quality of life to attract talent

- Pleasant Nordic climate
- Safety
- Cleanliness

Favour skills immigration

- For example, work with the institutions of learning to favour immigrants whose diplomas can be recognized as equivalent

Accept that Montreal's cultural diversity is one of its strong points

- Promote French while encouraging learning and knowledge of other languages

Proposal 6

Support the development of new international leaders

Why?

Not realistic to lure back companies that have moved their head office in the last 20 years

The presence of head offices of companies and organizations with an international profile generates numerous high-quality direct and indirect jobs

Head offices have a structuring effect on the economy and contribute to a metropolis's reputation

These new companies/organizations will be vectors for attracting and retaining talent

How?

Build on the centres of excellence already found in Montreal and encourage cross-sector innovation

- Health and medical research
- Higher education
- Creative sector
- Aeronautics, ICT, engineering, finance
- Transportation and logistics
- Distribution and agrifood

Stimulate entrepreneurship and support sectors with high potential for the future

- Direct and indirect assistance
- Time-limited financing

Strengthen R&D and innovation

- Better articulate innovation and entrepreneurship with universities and the education network
- Increase cross-fertilization among the various sectors (collaboration between industrial clusters, for example)

Favour social entrepreneurship

- Serving the public
- As an area of excellence

Proposal 7

Give Montreal the powers of a metropolis

Why?

Provincial and federal governments' lack of interest in Montreal

- "Montreal is not a city that makes or breaks governments"

Artificial opposition between Montreal and Quebec's other regions

- "What's good for Montreal is good for the regions and vice versa"

Political power marked by fragmentation and overlap

- Decision-making powers divided among the municipal, provincial, and federal governments
- Overlapping powers among various bodies at the metropolitan level
- Many bodies involved in major projects

Many cities have effected a turnaround despite a multiplicity of decision-making bodies

How?

Require support from the provincial and federal government commensurate with Montreal's economic scale and contribution to Quebec's prosperity

Enact a "City of Montreal Act" comparable to the City of Toronto Act enacted in 2007

Make sure the voice of a unified leadership is heard: business community, social players, and politicians

- Involve all players in selecting a limited number of priority projects ("repair" the city, leverage investments and infrastructure)

In the short run, simplify the decision-making processes to speed achievement of the city's priorities

- In the medium run, consolidate bodies to streamline the structure and revitalize governance

Proposal 8

Give the metropolis the required fiscal resources

Why?

The metropolis has few fiscal and financial resources

What resources it does have are based largely on property taxes

- Does not encourage the city to be dynamic

Has the same resources that every other Quebec municipality has, despite its unique position as Quebec's only large metropolis

How?

Make municipal taxation fairer and, when it is in everyone's best interest, move toward the "user pays" principle

Transfer specific fiscal resources to Montreal

Proposal 9

Promote a unique identity

Why?

An image of the city adversely affected by recent events

- Negative reputation for integrity
- Known for the sorry state of its infrastructure
- Reputation for openness now suffering due to the values charter debate

Lack of unique, clear branding for the city, in contrast to the other metropolises that made a comeback

How?

Implement the revitalization plan with a deadline

- Montreal's 375th anniversary

Define a brand for Montreal under which the city can raise its global profile

- Adopt a unique, shared logo to symbolize the city
- Adopt a signature to transmit the metropolis's identity
- Get the suburban cities to sign onto this global metropolitan identity

Proposal 10

Rigorously measure progress

Why?

No common objective measurement of performance

- Only partial measurements often focused on specific sectors

Measurement makes it possible to track progress and to identify initiatives that do not produce the desired results

How?

Draw up a detailed list of objectives and create a dashboard

Objectively compare Montreal's performance with that of other metropolises

CONCLUSION

Metropolises will generate most of the world's prosperity in the coming years, so the success or failure of Montreal matters not just to itself, but to Quebec and to Canada. Cities like Montreal have managed to find new paths back to success, and have done so through similar approaches. Montreal faces well-known challenges, but has all the advantages necessary to revitalize itself.

We are convinced that, by adopting the right approach and adhering to it with determination, Montreal will return to greatness and its renewed vitality will benefit all its citizens, all its young people, and all of Quebec. That is the key message of our study. We have learned that there is a recipe for becoming a successful metropolis, and that Montreal has all the required ingredients. The next steps are for the community to take.

We wanted this report – its structure, tone, and examples – to be accessible to everyone. This is because while Montreal's revival must involve local elected officials, the Quebec and federal governments, and experts of every kind, it will truly succeed only by rallying all Montrealers. They will be the primary players and the main beneficiaries.

The idea that a metropolis is a joint project and that leadership can be shared is gaining a foothold. Throughout our work on this study – among the leaders we interviewed and elsewhere in the community – we found a growing interest in a unifying citizens' movement that would mobilize behind the effort to revitalize the metropolis and support its political leaders.

There is a strong desire to turn the page on our past problems. There is also growing awareness of the need to make choices, to join together and to work for the common good. If our study can spark such a collective effort, and can help to clarify views and objectives, then we will have accomplished something useful.

When all is said and done, one undeniable fact remains: Revitalizing Montreal is possible. For this metropolis, more than any other, it is worth it.

MONTREAL IN TEN YEARS

World-class universities that attract and retain talent

A place where talents of all origin work together

A unique magnet for creativity and innovation






"Everyone proud of Montreal"

An efficient city at the service of the citizens



A city where current and past citizens feel united

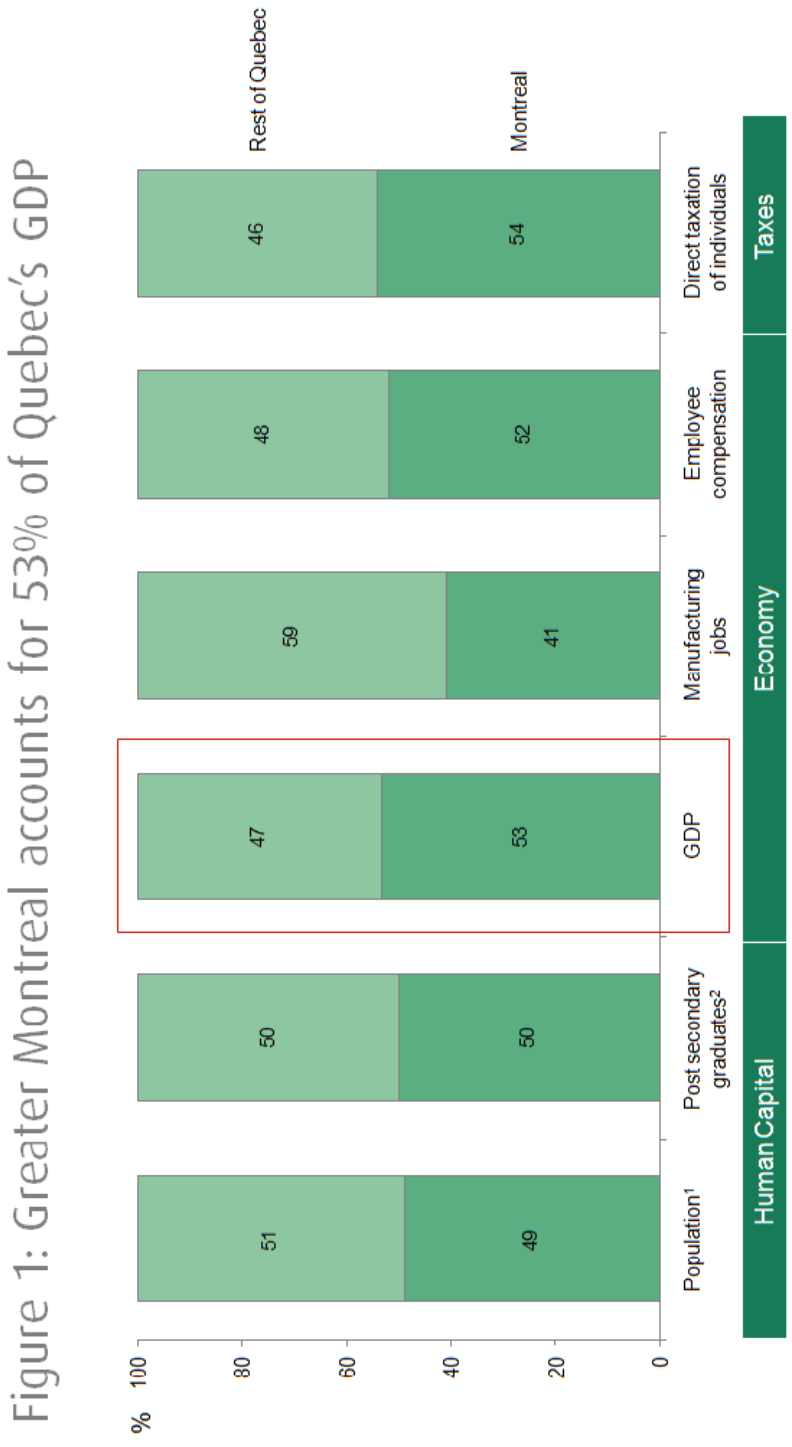



Established industries that are global leaders in their field

New companies built on leading edge R&D

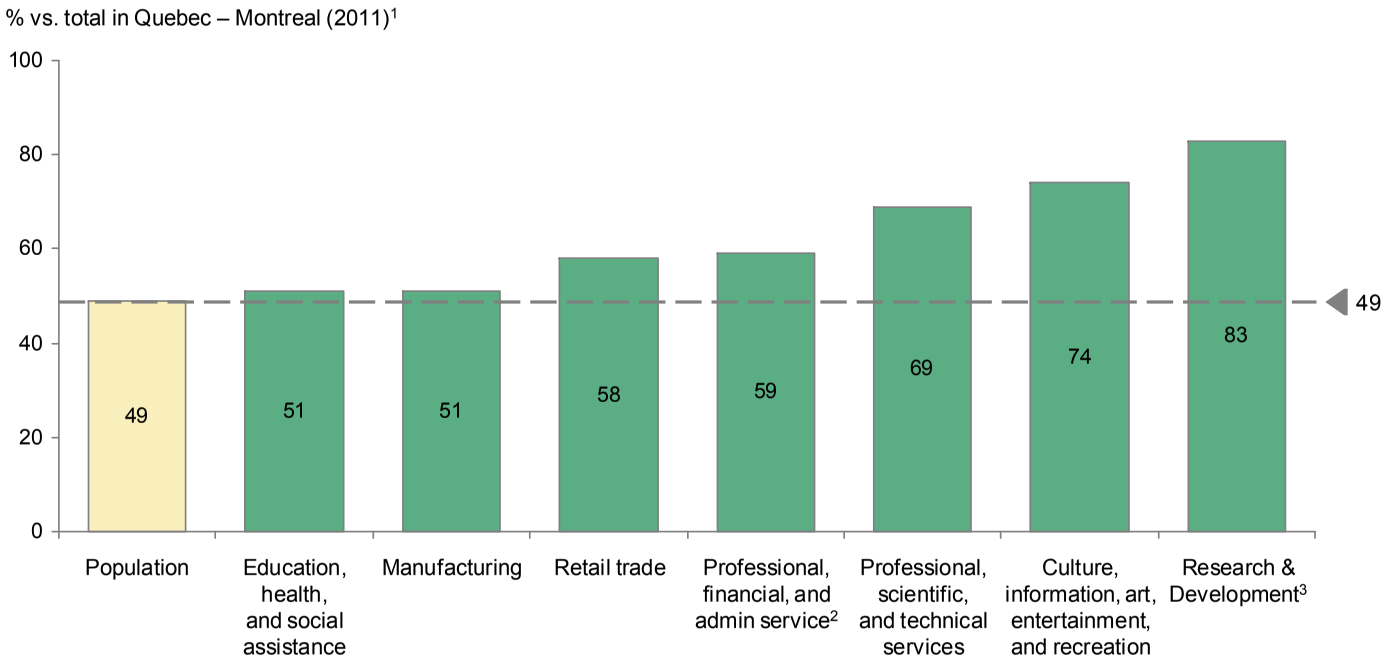
A city known for its quality of life and its culture

APPENDIX A – ILLUSTRATIONS



1. As per the Montreal metropolitan regon of census (MRC #462) (3,9M inhabitants) 2. Includes post-secondary school graduates. 2011 national survey with households, tables of higher certificate, diploma or degree.
Source: Canada Statistics, Institut de la statistique du Québec, 2011

Figure 2: In nearly all areas of economic activity, Montreal's contribution to Quebec's GDP is greater than its share of the population

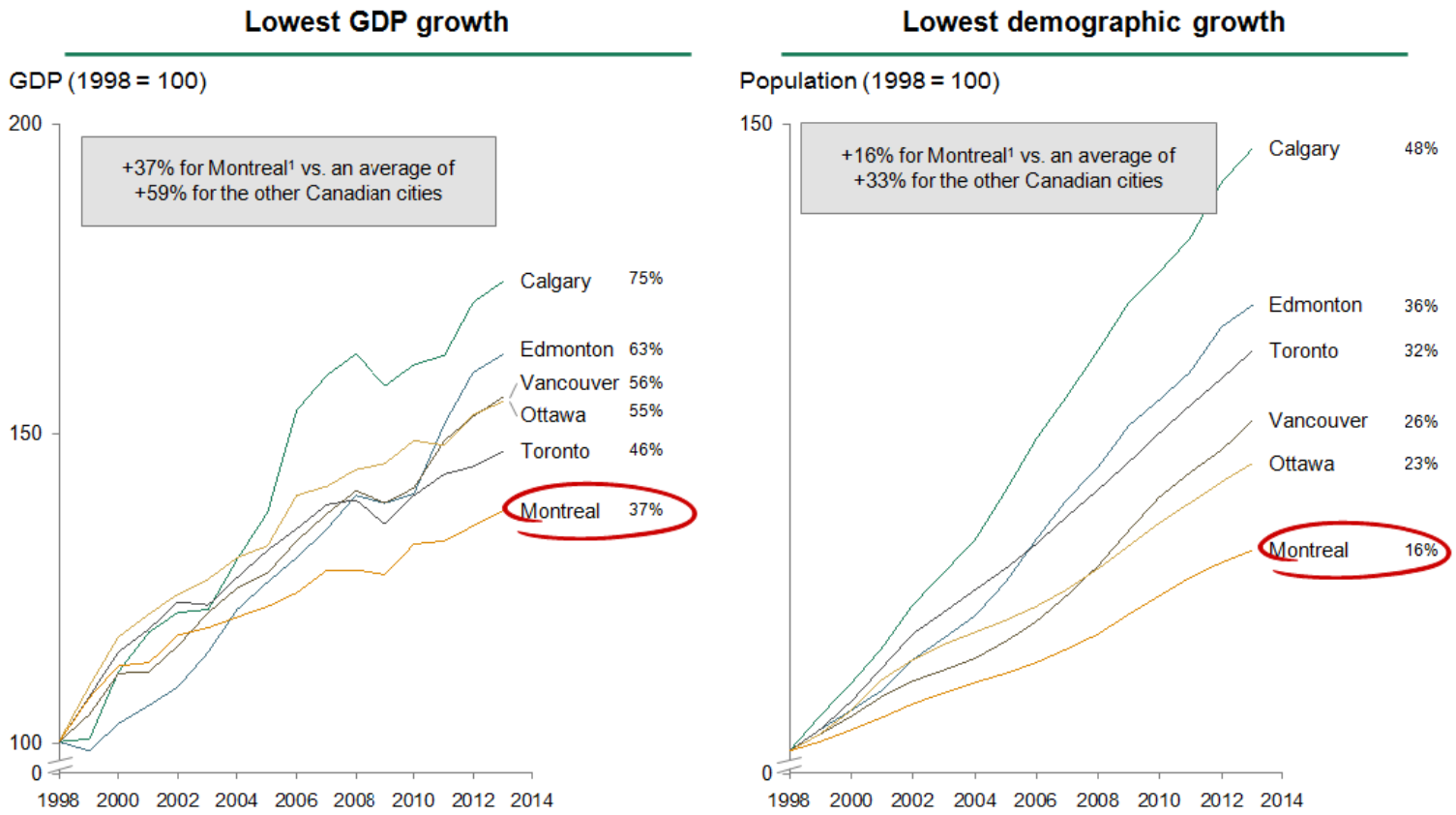


Share of Quebec GDP	14%	14%	11%	17%	5%	4%	-	**Total 65%**

1. As per the Montreal metropolitan region of census (MRC #462) (3,9M inhabitants); except for R&D, see note 3 2. Includes insurances, real estate and rental services; 3. Data for the administrative regions of Montreal, Laval and Montérégie in 2004 (this proportion has varied between 82% and 87% from 1997 to 2004, no data available after that period, the survey has changed). Not counted in the GDP amount to avoid overestimating – it is a total of R&D expenditures throughout the economy sectors, so part of these expenditures are already included in the other categories presented

Source: Institut de la statistique du Québec

Figure 3: Montreal's economic growth according to four key indicators (1/2)



1. As per the Montreal metropolitan region of census (MRC #462) (3,9M inhabitants)
Source: Oxford Economics (2013), Canada Statistics

Figure 3: Montreal's economic growth according to four key indicators (2/2)

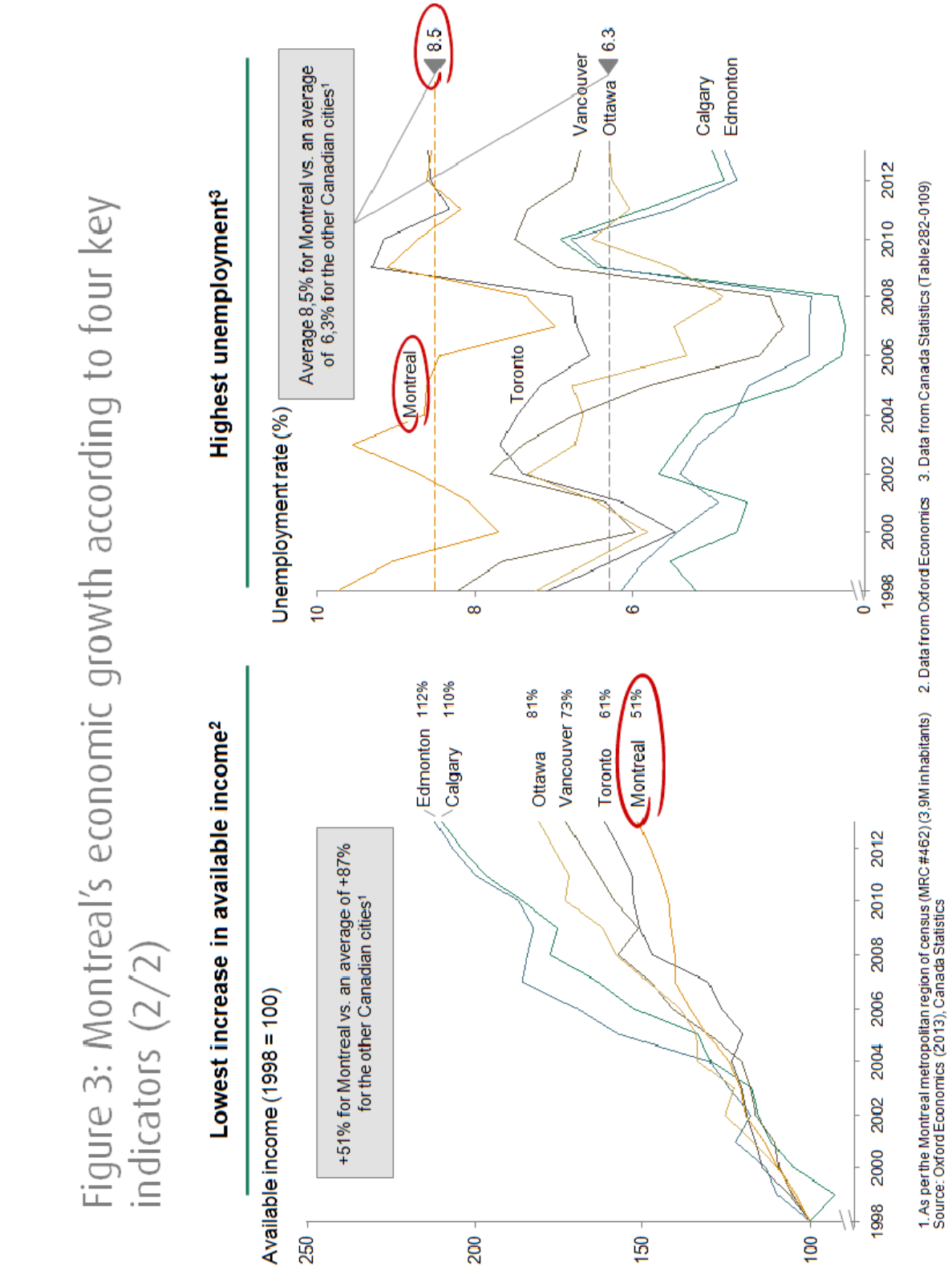
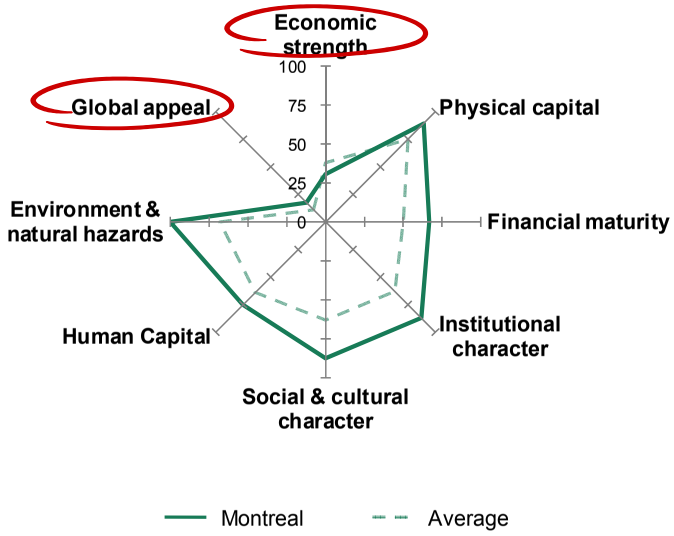


Figure 4: Montreal, solid strengths but shortcomings that hold it back

Montreal performance in eight areas

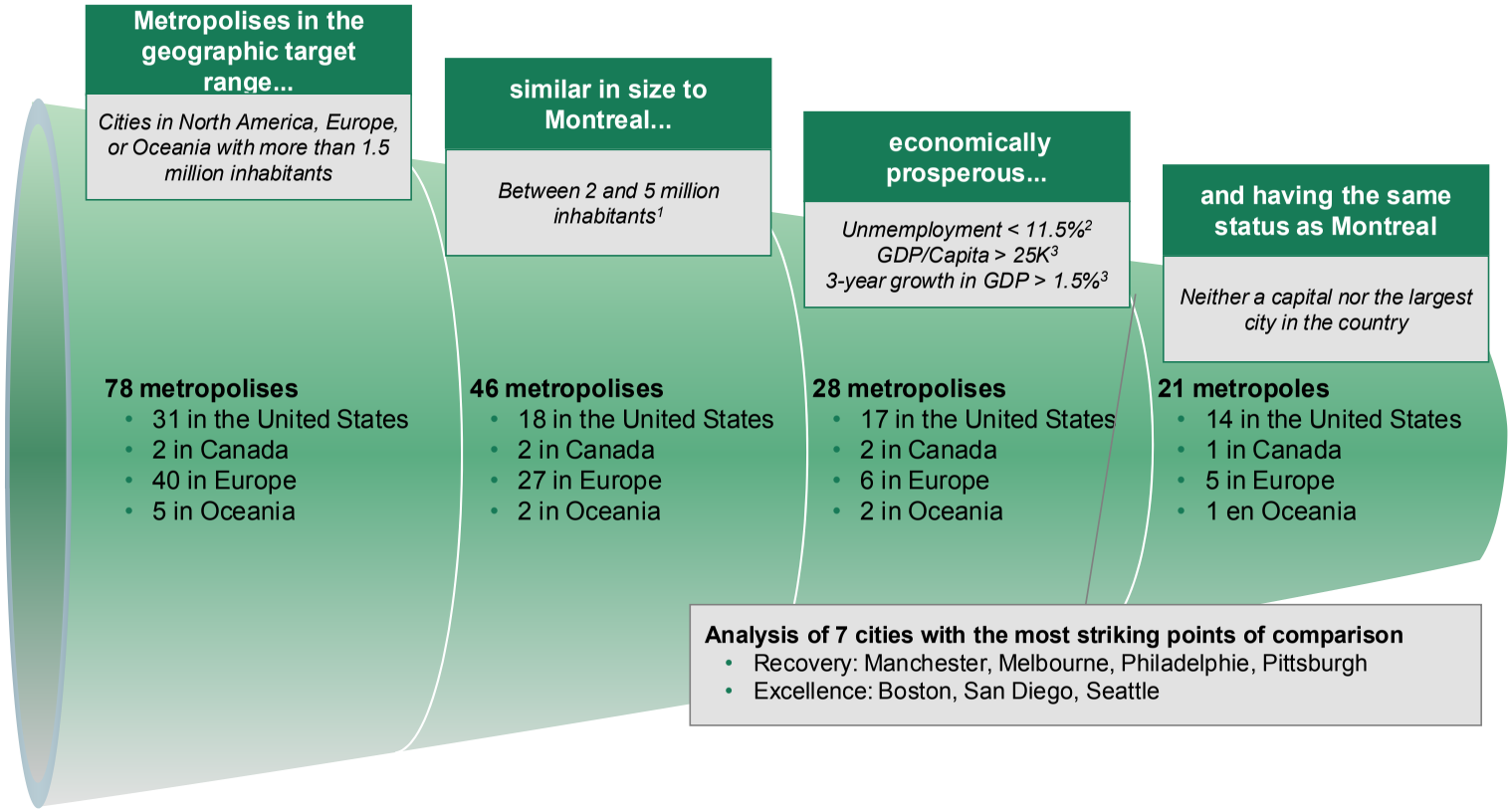
Montreal	Score/100
Combines	**60.3**
Economic strength	30.7
Physical capital	89.3
Financial maturity	66.7
Institutional character	87.1
Social and cultural character	87.5
Human Capital	75.2
Environment and natural hazards	100.0
Global appeal	17.5

Montreal vs. average



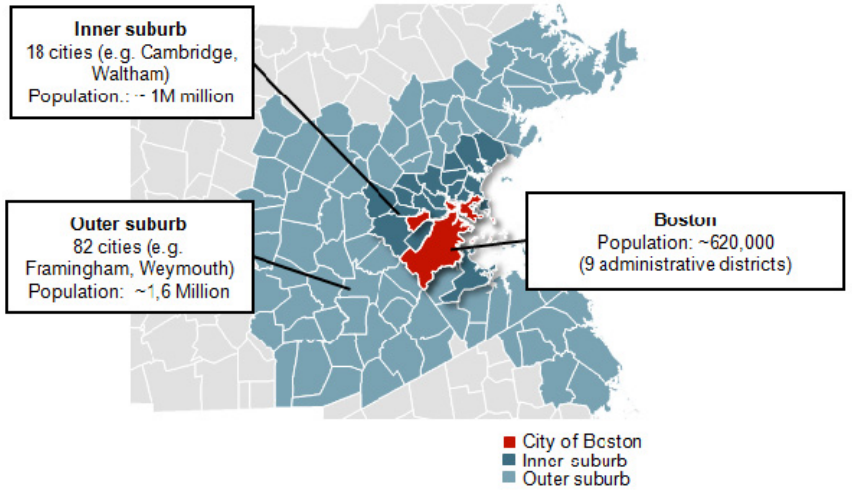
Source: Economist Intelligentce Unit in partnership with Citi "Hot spots – Benchmarking global city competitiveness " (2012)

Figure 5: A filter for selecting cities comparable to Montreal



1. From Pittsburgh to Philadelphia 2. Berlin used as the maximum 3. Manchester used as the minimum
Source: US Census Bureau, US Bureau of Labor Statistics, US Bureau of Economic Analysis, Federal Housing, Finance Agency, Oxford Economics, Canada Statistics, Statistik Austria, Eurostat, Belgostat, Bulgaria, National Statistics Institute, Staatssekretariat fur Wirtschaft, Czech Statistical Office, Germany Federal Statistics Office, Danmarks Statistik, Instituto Nacional de Estatistica, Statistics Finland, Statistics Greece, Hungarian Statistical Office, Central Statistics Office Ireland, National Institute for Statistics, CBS Netherlands, Statistics Norway, CSO Poland, Instituto Nacional de Estatistica Portugal, Statistics Sweden, Statistics Office of the Republic of Slovenia, Turkish Statistical Institute, Oxford Economics, Office for National Statistics, Australian Bureau of Statistics, Statistics New Zealand, Haver, CEIC Data, Institut national de la statistique et des études économiques, Institutul National de Statistica

Figure 6: Greater Boston consists of 101 municipalities



1. Metropolitan Area Planning Council
Source: Metropolitan Area Planning Council, US Census Bureau, Boston City

Figure 9 – Melbourne and its logos

	1995-2009	Since 2009
Logos		
Identity	**No unified visual city identity** • More than 50 logos and images generated by the city of Melbourne **Main logo communicates 3 images** • Tourism (sun) • Environment (leaf) • Institution (column)	*'The new design will become an icon for Melbourne, synonymous with the **modern, vibrant, cool city** Melbourne is today and will continue to be in the future'* City's Mayor Robert Doyle Identity was created to capture the city's status as a **leading capital city with an international reputation for excellence, innovation and leadership**

Cost of rebranding: 250k AUS partially offset by cost savings from merging >50 existing logos

Source: Official website of the city of Melbourne, BCG analysis

Figure 15: A summary of Boston's turnaround

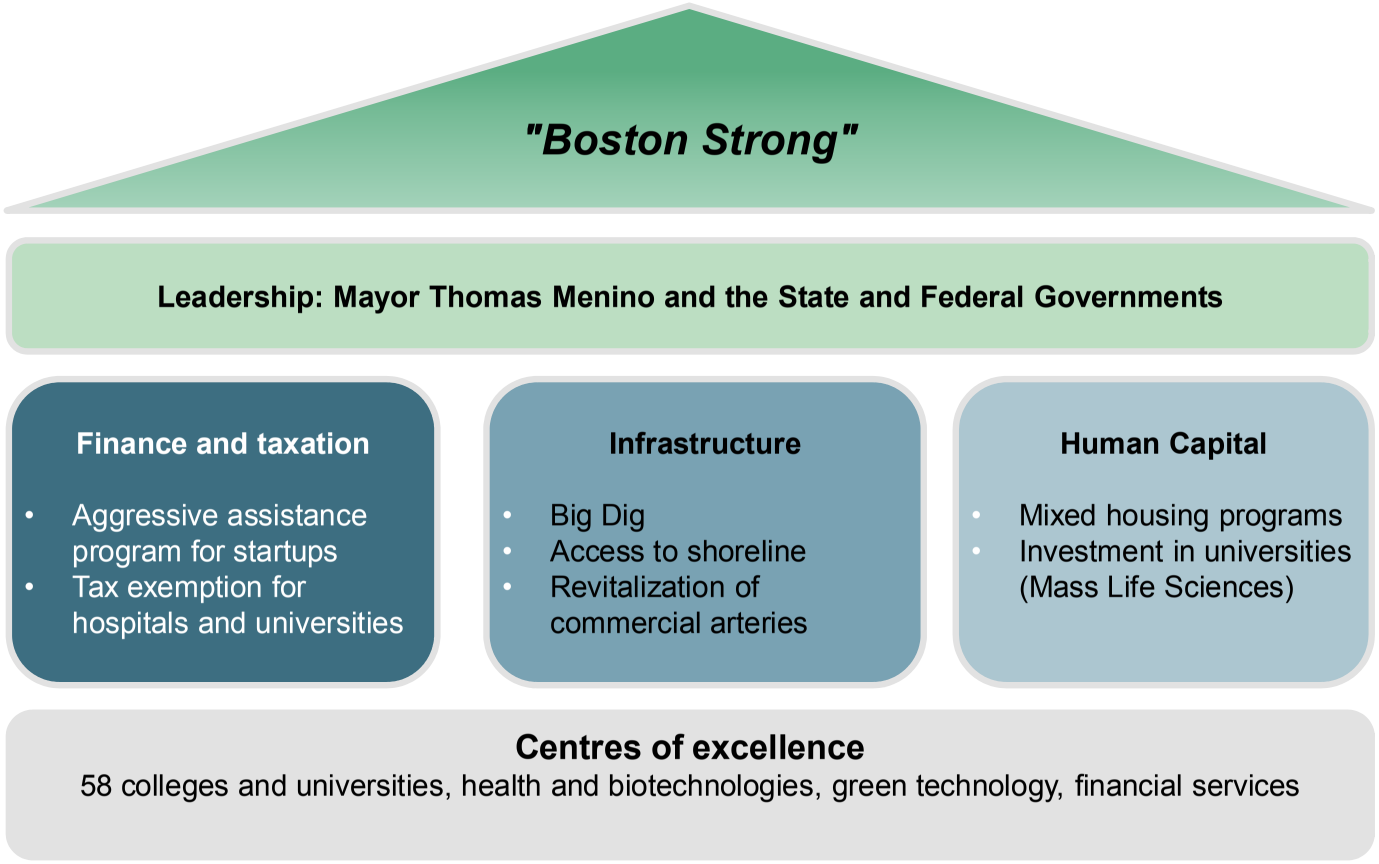


Figure 16: A summary of Manchester's turnaround

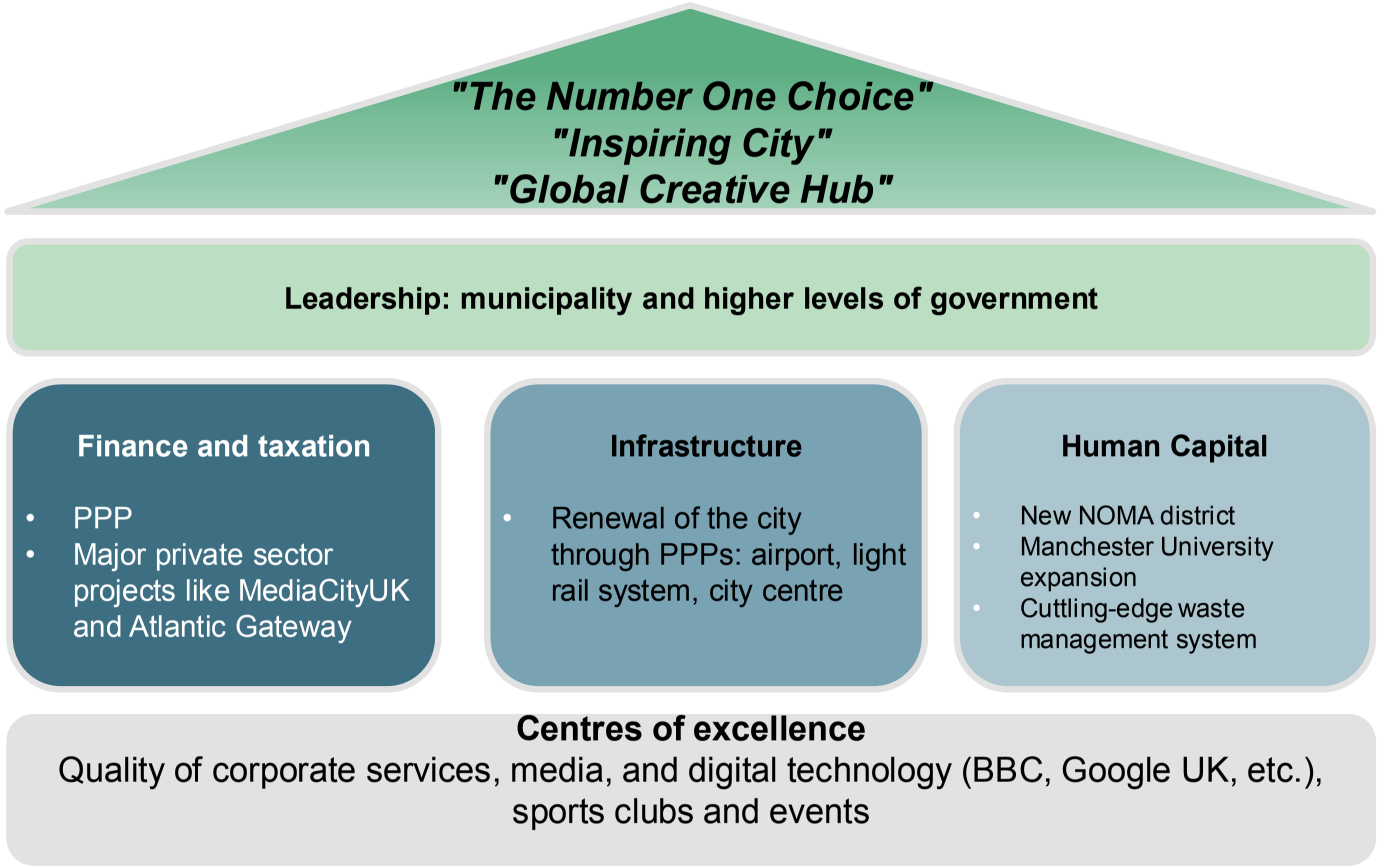


Figure 17: A summary of Melbourne's turnaround

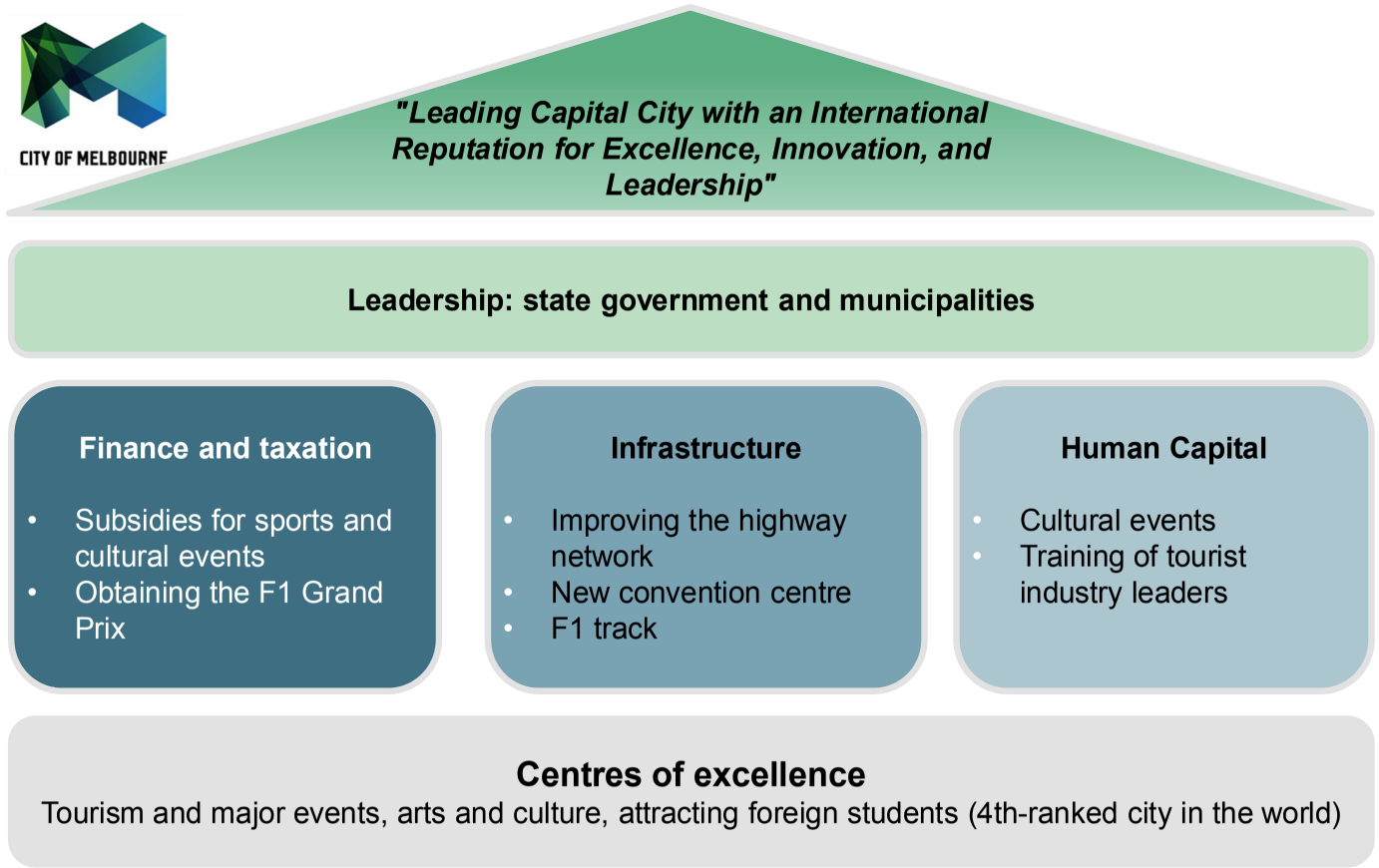


Figure 18: A summary of Philadelphia's turnaround

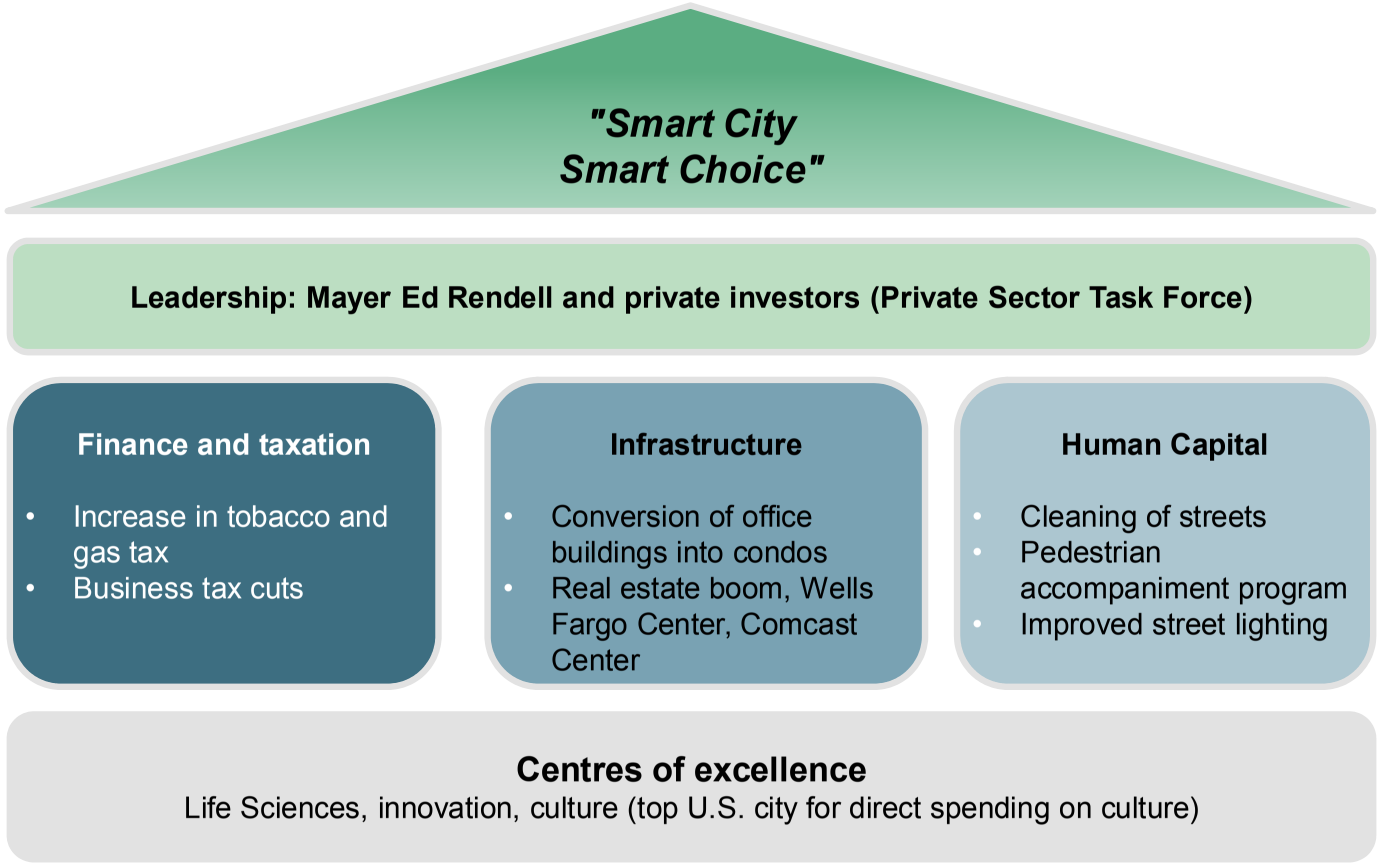


Figure 19: A summary of Pittsburgh's turnaround

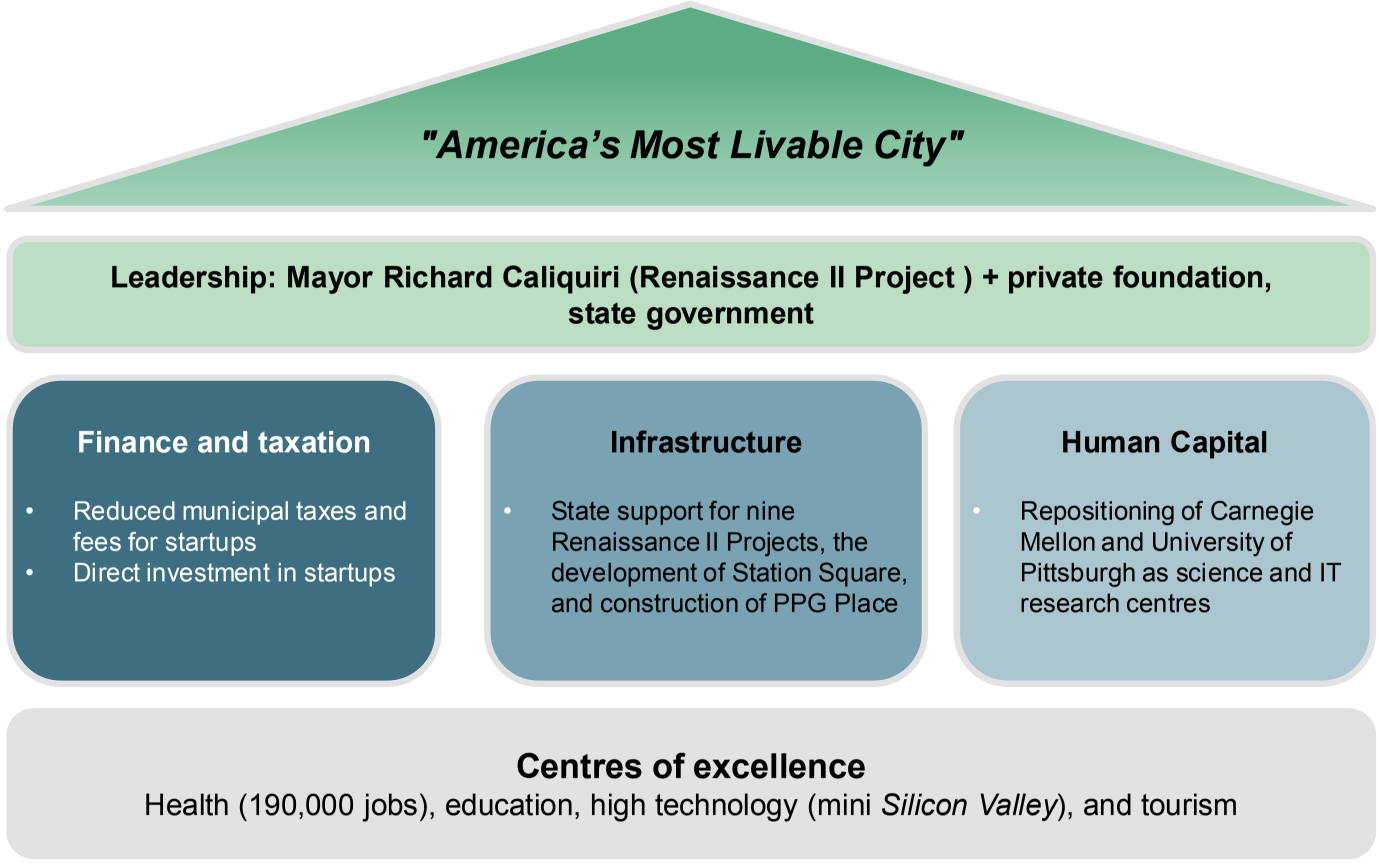


Figure 20: A summary of San Diego's turnaround

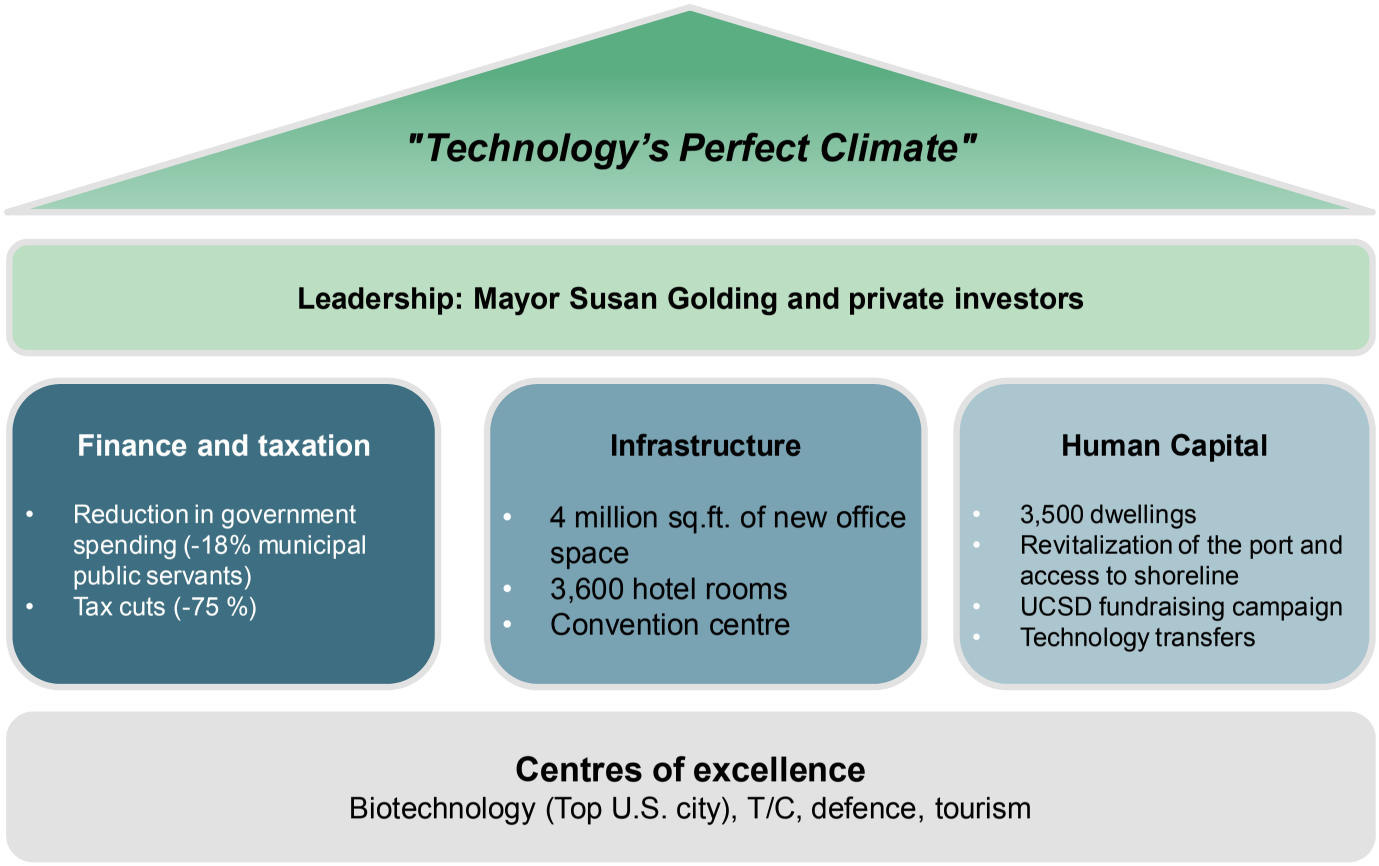


Figure 21: A summary of Seattle's turnaround

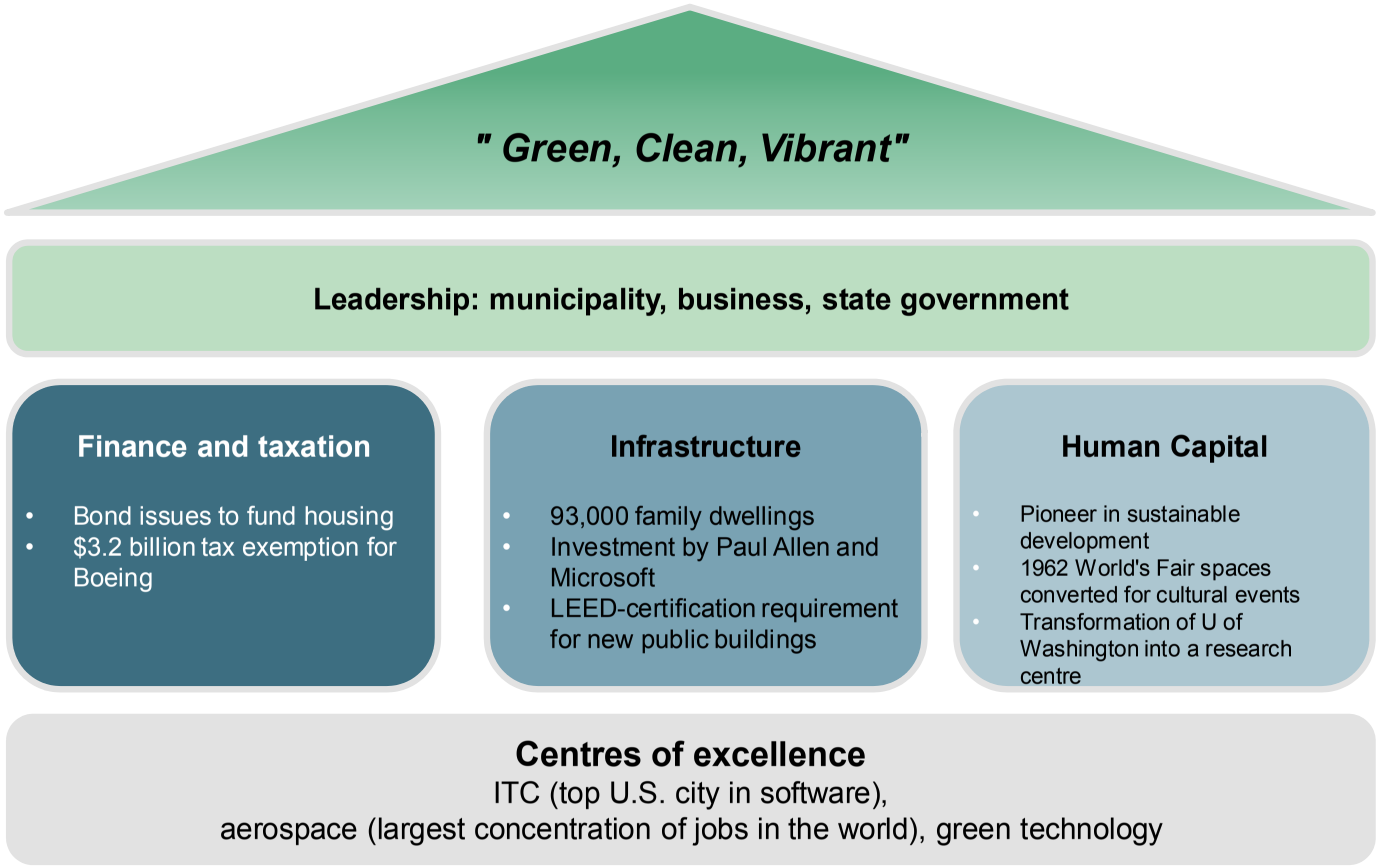


Figure 22: Montreal leaders interviewed

Consumer products

Aldo Bensadoun *(Aldo)*
José Boisjoli *(BRP)*
Martin Deschênes *(Deschênes)*
Andrew Molson *(Molson Coors)*

Telecom, media, technology

Louis Audet *(Cogeco)*
Arnold Beaudin *(Technoparc)*
Jean-François Bouchard *(SidLee)*
Rémi Marcoux *(Transcontinental)*
Jacques Parisien *(Astral)*
Claude Séguin *(CGI)*
François-Charles Sirois *(Telesystem)*
Alexandre Taillefer *(XPND Capital)*

Social economy

Leopold Beaulieu *(Fondaction)*
Lyse Brunet *(Avenir d'enfants)*
Pierre-Gerlier Forest *(P. E. Trudeau Foundation)*
Lili-Anna Peresa *(Centraide)*
Michèle Thibodeau-DeGuire *(Centraide)*
Michel Venne *(Institut du Nouveau Monde)*

Culture and tourism

Simon Brault *(Culture Montréal)*
France Chrétien-Desmarais *(President, Society for the Celebration of Montreal's 375th Anniversary)*
Daniel Lamarre *(Cirque du Soleil)*
Andy Nulman *(Just For Laughs)*
Gilbert Rozon *(Just for Laughs)*
Alain Simard *(Equipe Spectra)*

Finance

Pierre Boivin *(Claridge)*
Jean-Guy Desjardins *(Fiera Capital)*
Jean Houde *(Finance Montreal and Gaz Métro)*
Alain Miquelon *(Montreal Exchange)*
Monique Leroux (Desjardins)
Roland Lescure *(CDPQ)*
Michael Sabia (*CDPQ*)

Health care

Pierre Anctil *(Montreal Heart Institute)*
Dr Hélène Boisjoly *(Fac. of Medicine, UdM)*
Dr Pierre Bourgouin *(Fac. of Medicine, UdM)*
Dr Fabrice Brunet *(Sainte-Justine UHC)*
Dr David H. Eidelman *(Fac. of Medicine McGill)*
Geneviève Fortier *(Sainte-Justine UHC)*

Industry and engineering

Laurent Beaudoin *(Bombardier)*
Sophie Brochu *(Gaz Metro)*
Jacynthe Côté *(Rio Tinto Alcan)*
Pierre Shoiry *(Genivar)*
Thierry Vandal *(Hydro-Québec)*

Politics and economy

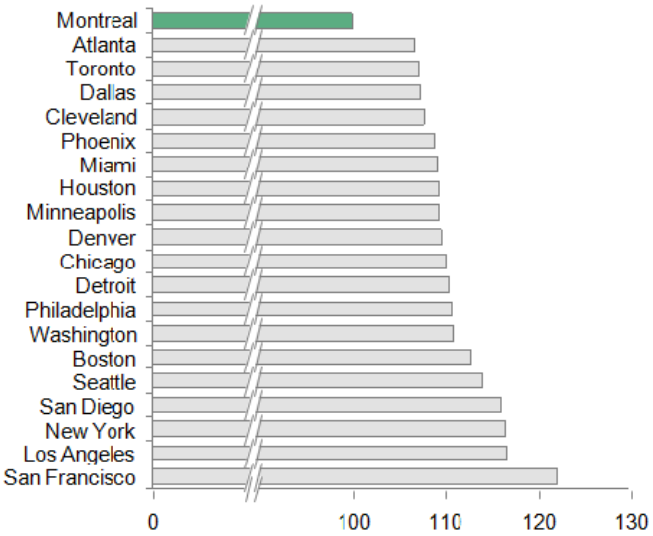
Raymond Bachand *(Former Finance Minister)*
Françoise Bertrand *(Fédération des Chambres de Commerce du Québec)*
Jean Charest *(Former Premier)*
Marcel Côté *(Founder of Secor)*
Daniel Gagnier *(Former Chief of Staff of Premier Jean Charest)*
Michel Kelly-Gagnon *(Montreal Economic Institute)*
Michel Leblanc *(Board of Trade of Metropolitan Montreal)*
Pierre Lortie *(Dentons, former Senior Partner of Secor, BBD)*
Eric Noel *(Oxford Analytica)*

Education

Pierre Fortin *(UQAM)*
Heather Munroe-Blum *(Former Vice Chancellor of McGill University)*
Claude Montmarquette *(CIRANO)*
Michel Patry *(HEC)*
Louise Roy *(Université de Montréal)*
Alan Shepard *(Concordia University)*

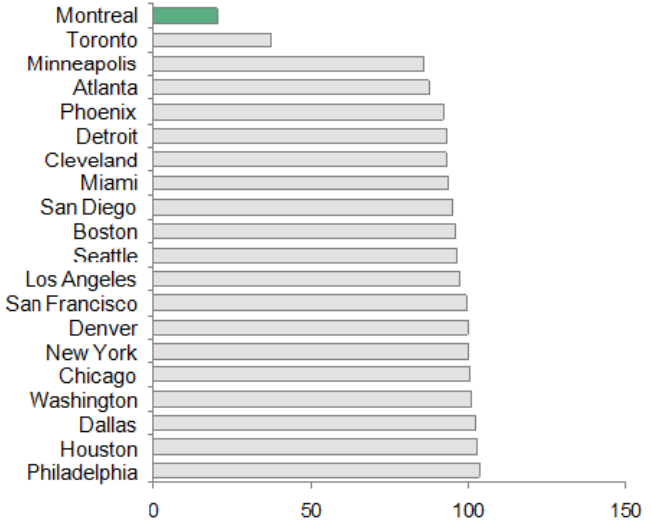
Figures 23 and 24

Figure 23: Total operating cost for Montreal companies among the lowest in North America[1]



Total operating costs of a company in an average of 19 business sectors for the 20 largest metropolitan areas in North America in 2012. Montreal = 100. C$1 = US$1. [2]

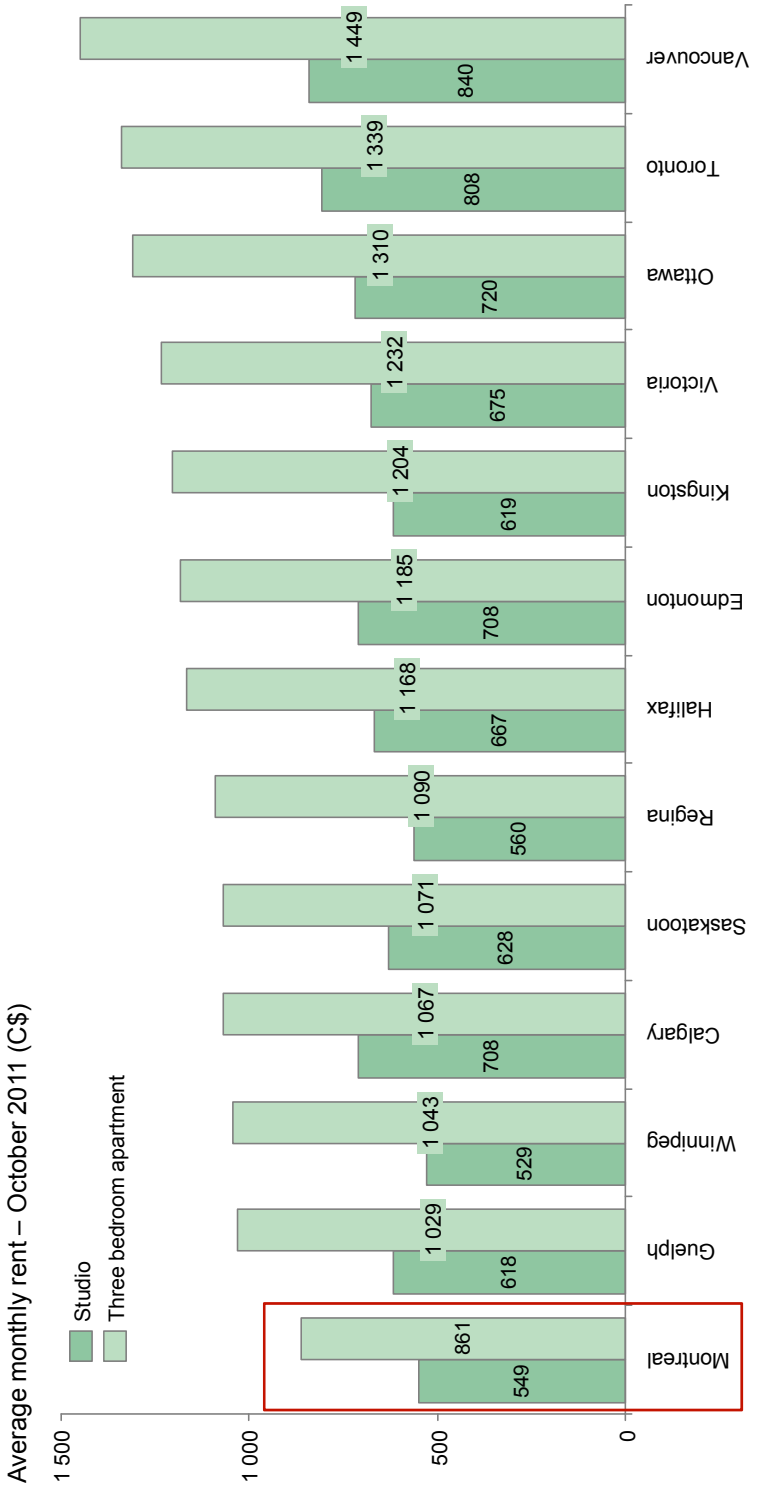
Figure 24: Montreal offers advantageous tax conditions for R&D activities



Average tax index for R&D companies in the 20 largest metropolitan areas in North America in 2012. Average for U.S. metropolitan areas = 100. C$1 = US$1. [3]

1. Top 20 of the largest metropolitan areas; 2. Source: *KPMG Competitive Alternatives 2012, Interactive Cost Model*, in "Indicateurs d'attractivité" published by Montréal International;
3. Source: *KPMG Competitive Alternatives 2012, Special Report on Tax*, in "Indicateurs d'attractivité" published by Montréal International

Figure 25: Montreal, the Canadian metropolis with the most affordable rents



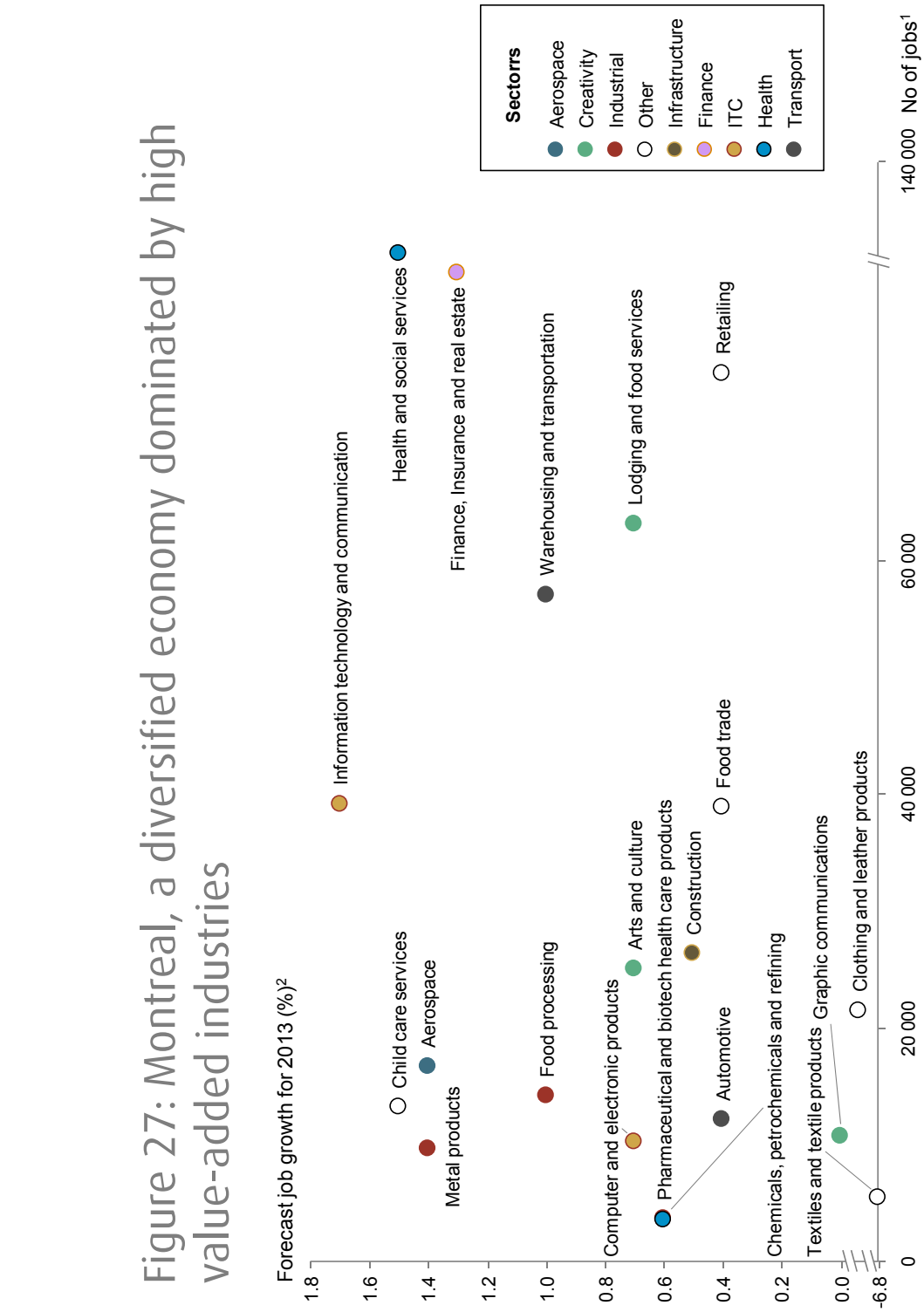
Source: Canada Statistics and Mortgage and Housing Corporation, CBC "Post-secondary tuition across Canada" (2012)

Figure 26: Montreal, the world's best city for foreign students to study in

Rank	City	Score	Rank	City	Score	Rank	City	Score	Rank	City	Score
1	Montreal	72.4	21	Brisbane	60.3	41	Amsterdam	55.1	61	Brussels	48.8
2	London	70.2	22	Canberra	60.3	42	Heidelberg	55.1	62	Santiago	48.3
3	Hong Kong	69.2	23	Taipei	60.3	43	Gothenburg	54.7	63	Gottingen	47.7
4	Toronto	69.1	24	Melbourne	60.0	44	Hamilton	54.4	64	Riyadh	47.6
5	Cambridge	68.5	25	Tokyo	60.0	45	Vienna	53.9	65	Osaka	46.8
6	Oxford	67.6	26	Dublin	59.0	46	Adelaide	53.4	66	Daejeon	46.0
7	Boston	67.0	27	Beijing	58.9	47	Dunedin	53.4	67	Bangkok	45.7
8	Sydney	66.2	28	Perth	58.8	48	Copenhagen	52.9	68	Jerusalem	45.5
9	Zurich	65.8	29	Paris	58.6	49	Shanghai	52.7	69	Lyon	45.3
10	New York	65.3	30	Barcelona	58.4	50	Stockholm	52.5	70	Buenos Aires	44.4
11	Los Angeles	65.1	31	Edmonton	58.4	51	Mexico City	52.2	71	Madrid	44.3
12	Singapore	65.0	32	Munich	58.2	52	Sao Paulo	52.1	72	Rome	43.1
13	Philadelphia	64.6	33	Bristol	57.9	53	Nottingham	51.9	73	Innsbruck	42.9
14	Chicago	64.5	34	Auckland	57.8	54	Moscow	51.6	74	St Petersburg	42.4
15	Vancouver	62.9	35	Helsinki	57.2	55	Kuala Lumpur	51.3	75	Cape Town	41.0
16	Lausanne	62.5	36	Leuven	56.6	56	Oslo	51.3	76	Strasbourg	39.3
17	Seoul	62.3	37	Utrecht	55.7	57	Kyoto	50.4	77	Grenoble	38.5
18	Berlin	61.9	38	Austin	55.6	58	Prague	49.8	78	Mumbai	36.7
19	San Francisco	60.9	39	Seattle	55.6	59	Bologna	49.7	79	Jakarta	35.9
20	Edinburgh	60.8	40	Manchester	55.5	60	Freiburg	49.7	80	Delhi	35.8

Source: The Economist Intelligence Unit "Bocom Sea Turtle Index" (2013)

Figure 27: Montreal, a diversified economy dominated by high value-added industries



1. Data for 2006 or 2008 2. 2010 forecast
Source: Canada Statistics, Canada census 2006, Company register (2008), Canada Industry, Strategis, Press

Figure 31: Montreal has many advantages on which to build success

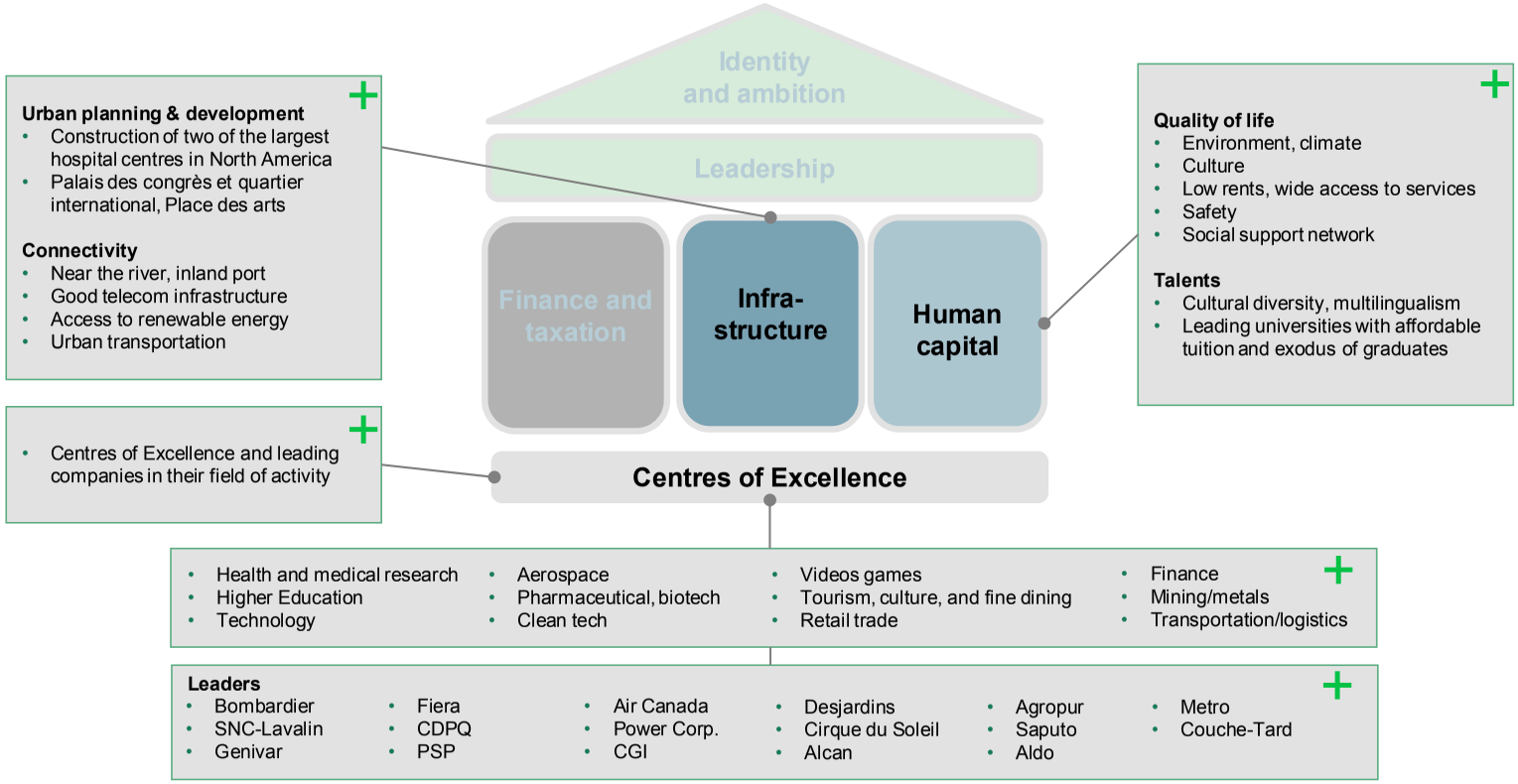
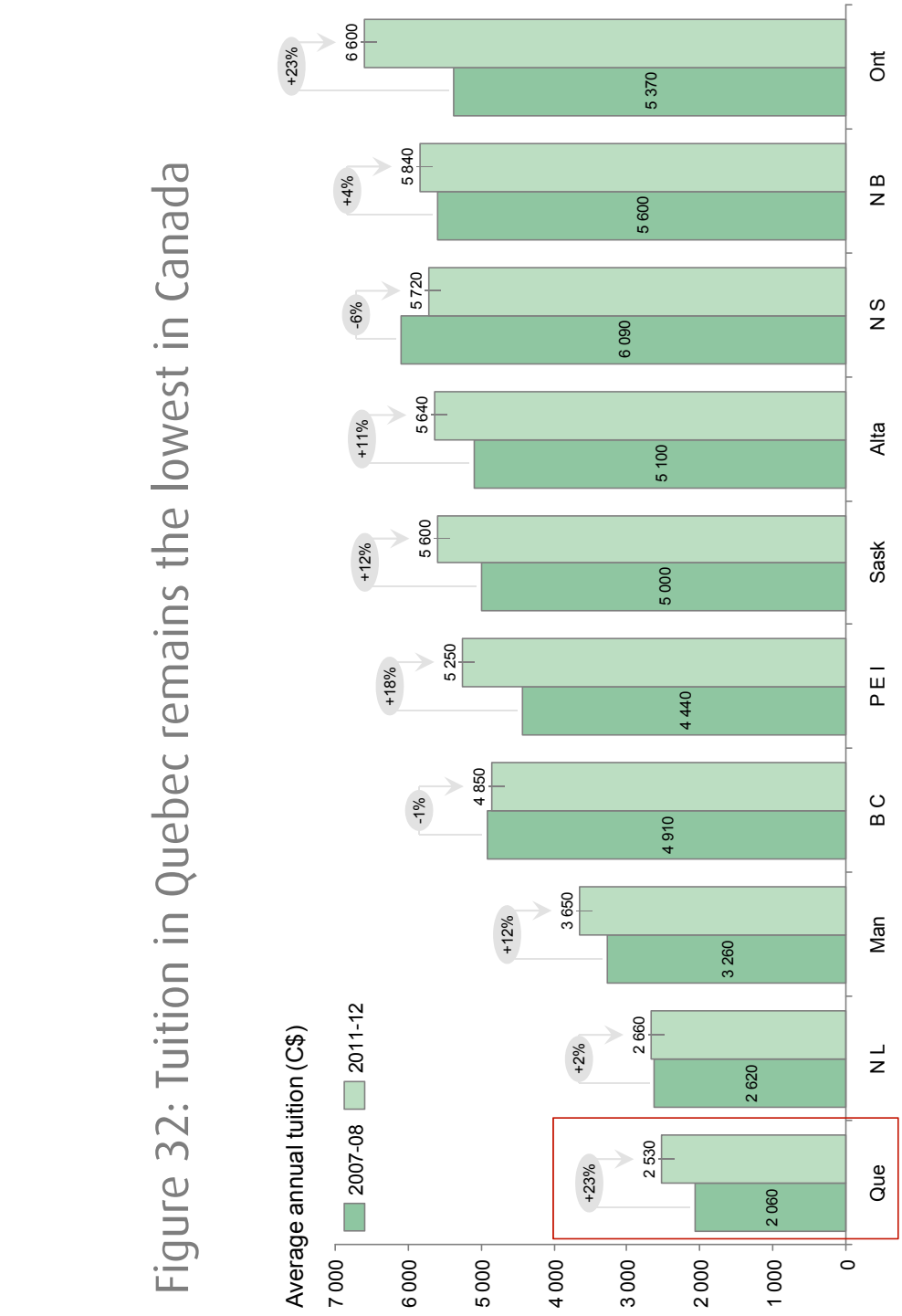
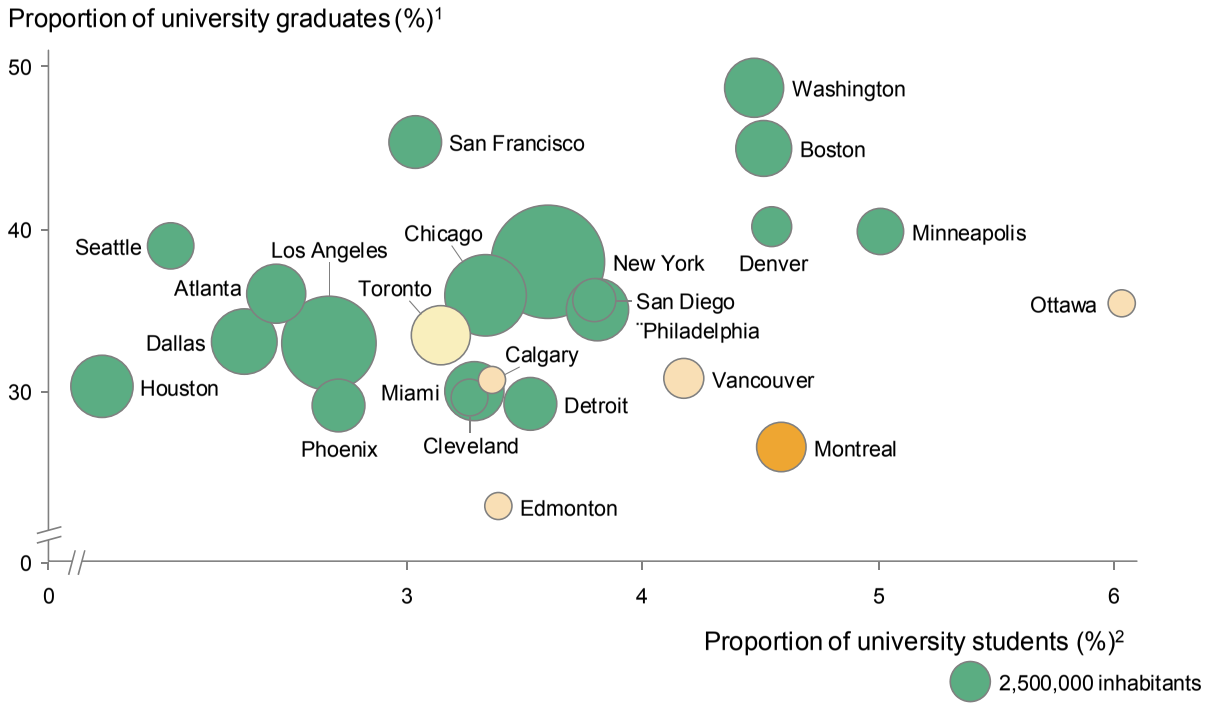


Figure 32: Tuition in Quebec remains the lowest in Canada



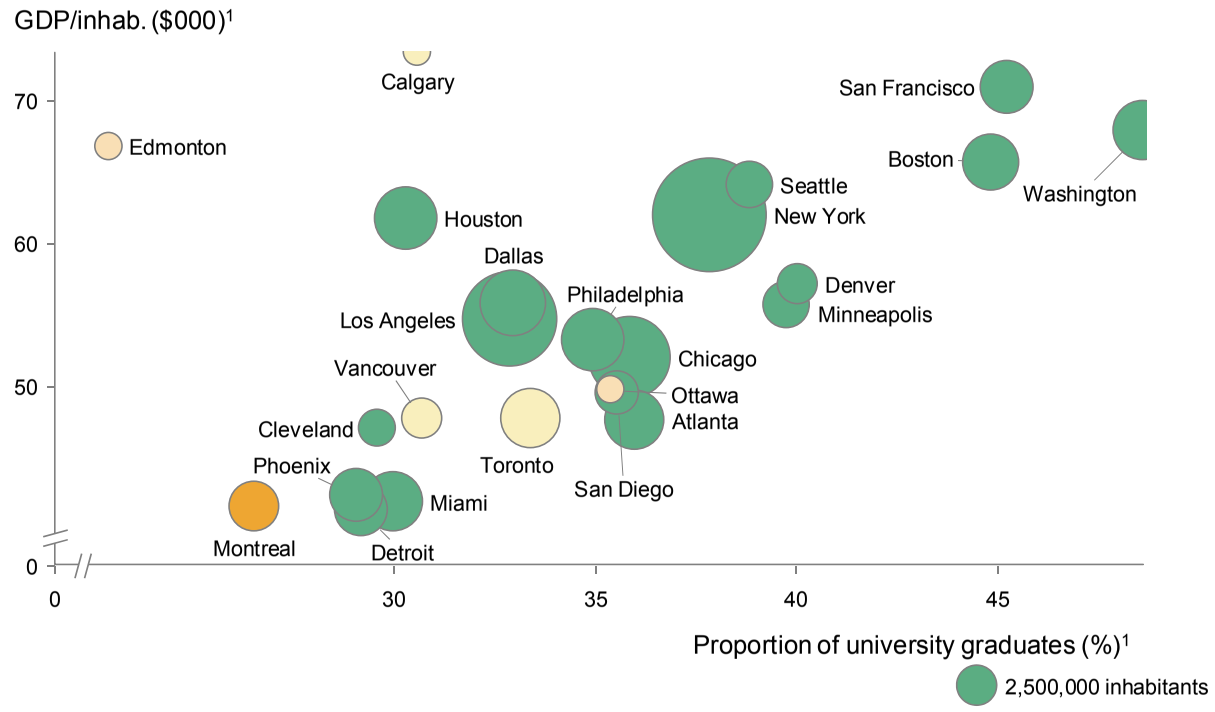
Source: Statistics Canada and Canada Mortgage and Housing Corporation, CBC "Post-secondary tuition across Canada" (2012)

Figure 33: A university town with few remaining graduates



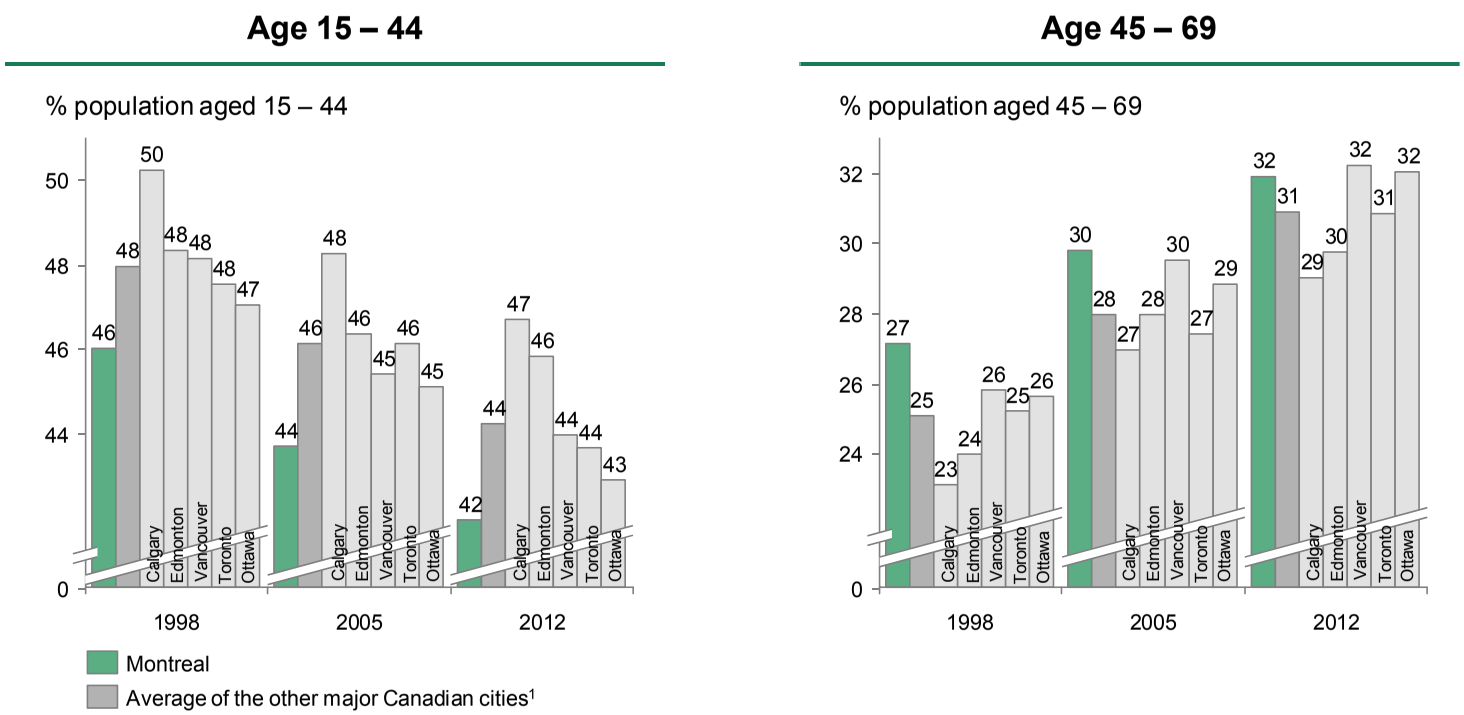
1. Proportion in the adult population aged between 25 and 64; 2. For Canadian cities (Montreal, Toronto, Ottawa, Calgary, Edmonton, and Vancouver), proportion in 2012 calculated on the basis of the number of students registered in the universities of each metropolitan region, as reported by the Association of universities and colleges of Canada. For American cities, proportion in 2008 as reported by Montréal International.
Source: Montréal International "Les indicateurs d'attractivité 2011-2012" (2011), Canada Statistics "Education, 2006 census" (2008), US Census Bureau "Detailed Tables-United States; In metropolitan statistical area" (2009), Association of universities and colleges of Canada, BCG analysis

Figure 34: Per capita GDP vs. proportion of university graduates



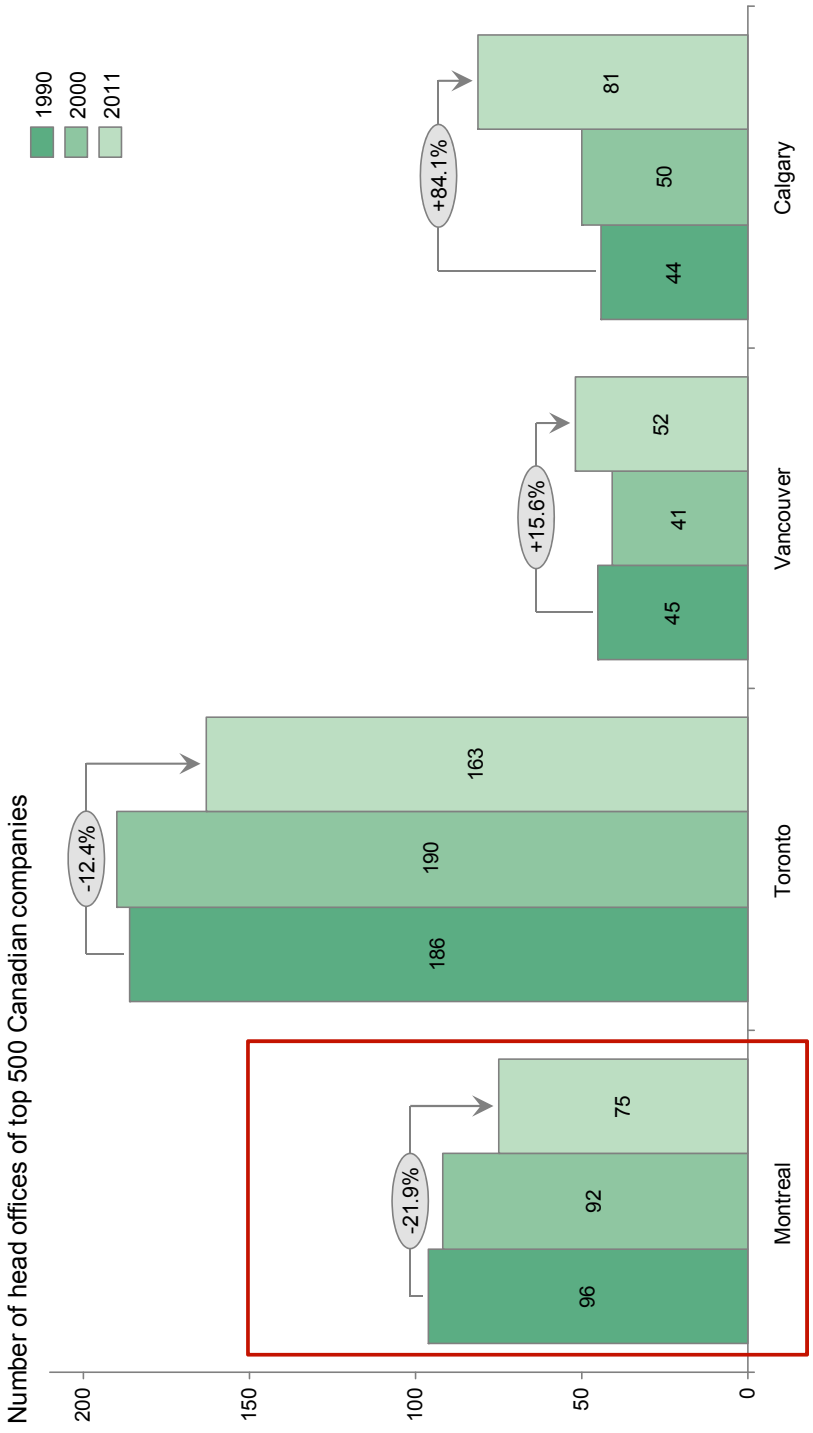
1. Proportion in the adult population aged between 25 and 64
Source: Montréal International "Les indicateurs d'attractivité 2011-2012" (2011), Canada Statistics "Education, 2006 census" (2008), US Census Bureau "Detailed Tables-United States; In metropolitan statistical area" (2009), Association of universities and colleges of Canada, BCG analysis

Figure 35: Montreal is aging faster than other major Canadian cities



1. Average for Calgary, Edmonton, Vancouver, Toronto, and Ottawa
Note: Population estimates on July 1st: definitive intermediate censuses from 1996 to 2005, definitive post-censuses from 2006 to 2009, updated post-censuses for 2010 and 2011, and temporary post-censuses for 2012. Data include young university foreigners
Source: Canada Statistics, 2006 census

Figure 36: In 20 years, Montreal has lost 20% of its major head offices



Source: Fraser Institute "Corporate Headquarters in Canada" (January 2013)

Figure 37: Montreal faces significant challenges

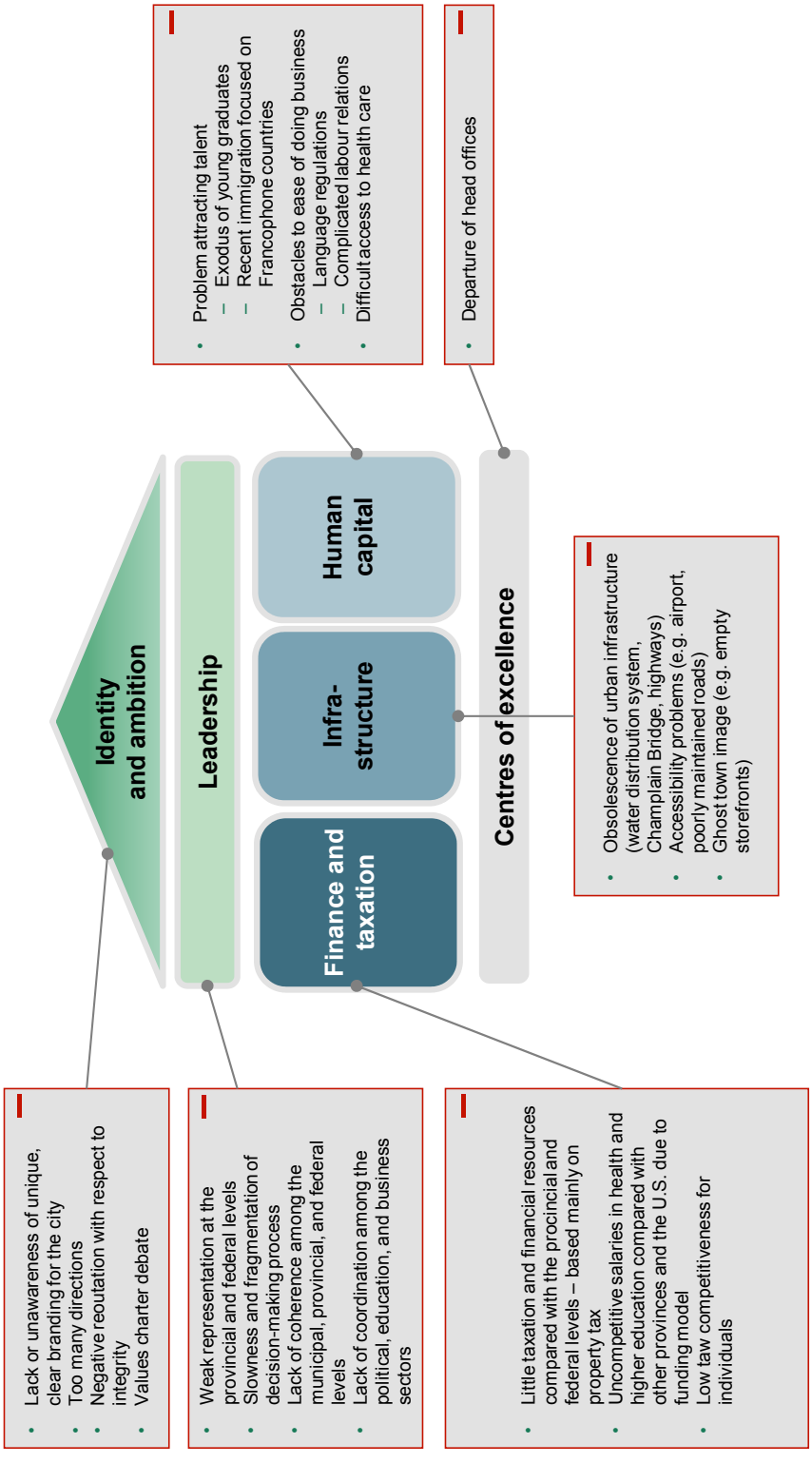


Figure 38: Montreal as seen by the international press

Keywords methodology – Montreal's image internationally

- 200 press articles (of multiple sources) from the past 24 months, obtained by searching for the word "Montreal"
- 50 web pages from well known Montreal institutions, events and places

Note: After removing numbers and common names
Sources: Factiva, Internet, Press

Figure 39: Montreal as seen by the Quebec and Canadian French-language press

Keywords methodology – Montreal's image in local press

- 200 press articles (of multiple sources) from the past 24 months, obtained by searching for the word "Montréal"[1] in Canadian French-language press
- Internet search on main headlines from 2012 and 2013 in Montreal

1. The word "Montréal" by itself was excluded from the visual representation
Note: After removing numbers and common names
Sources: Factiva, Internet, Press

Figure 40: Ten proposals for revitalizing Montreal

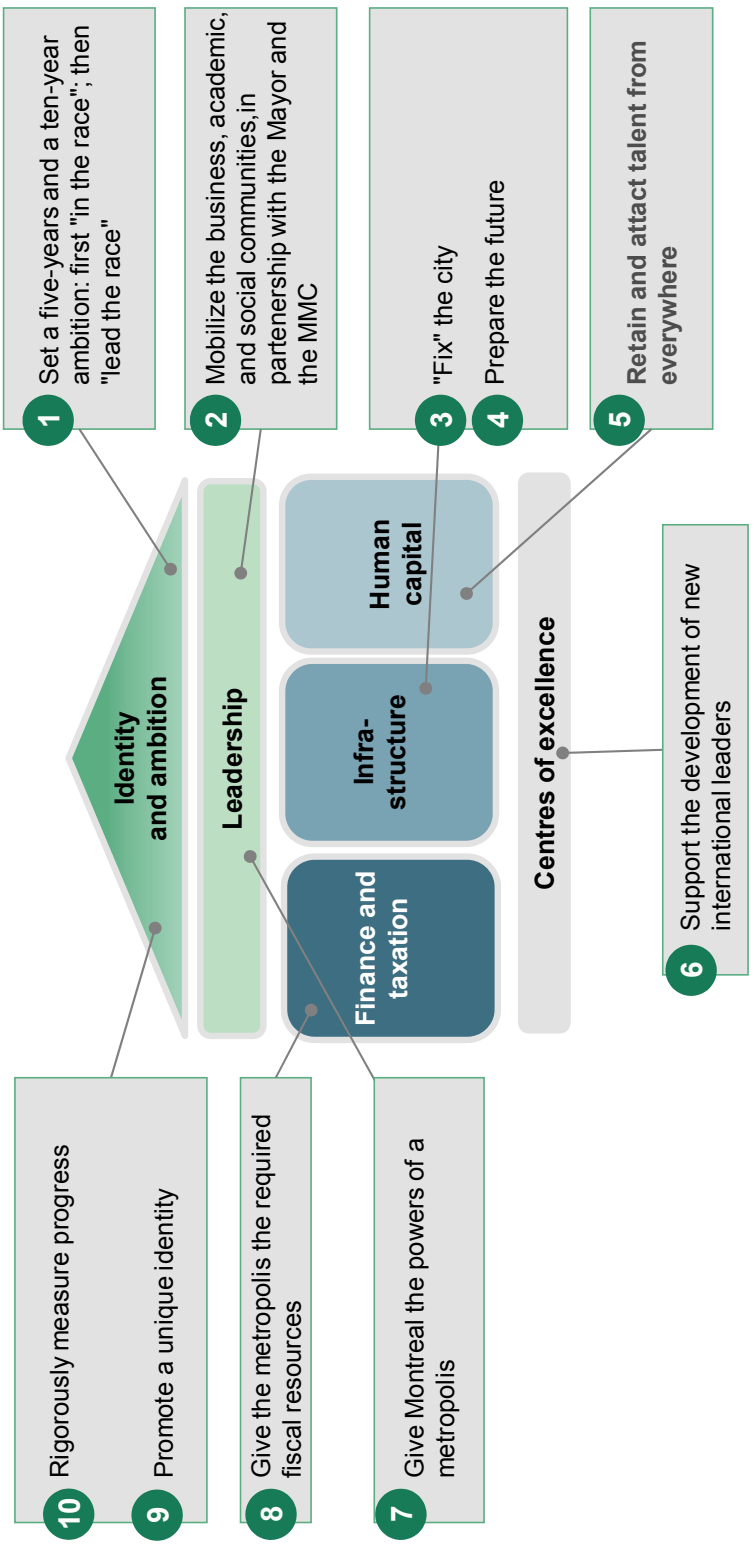
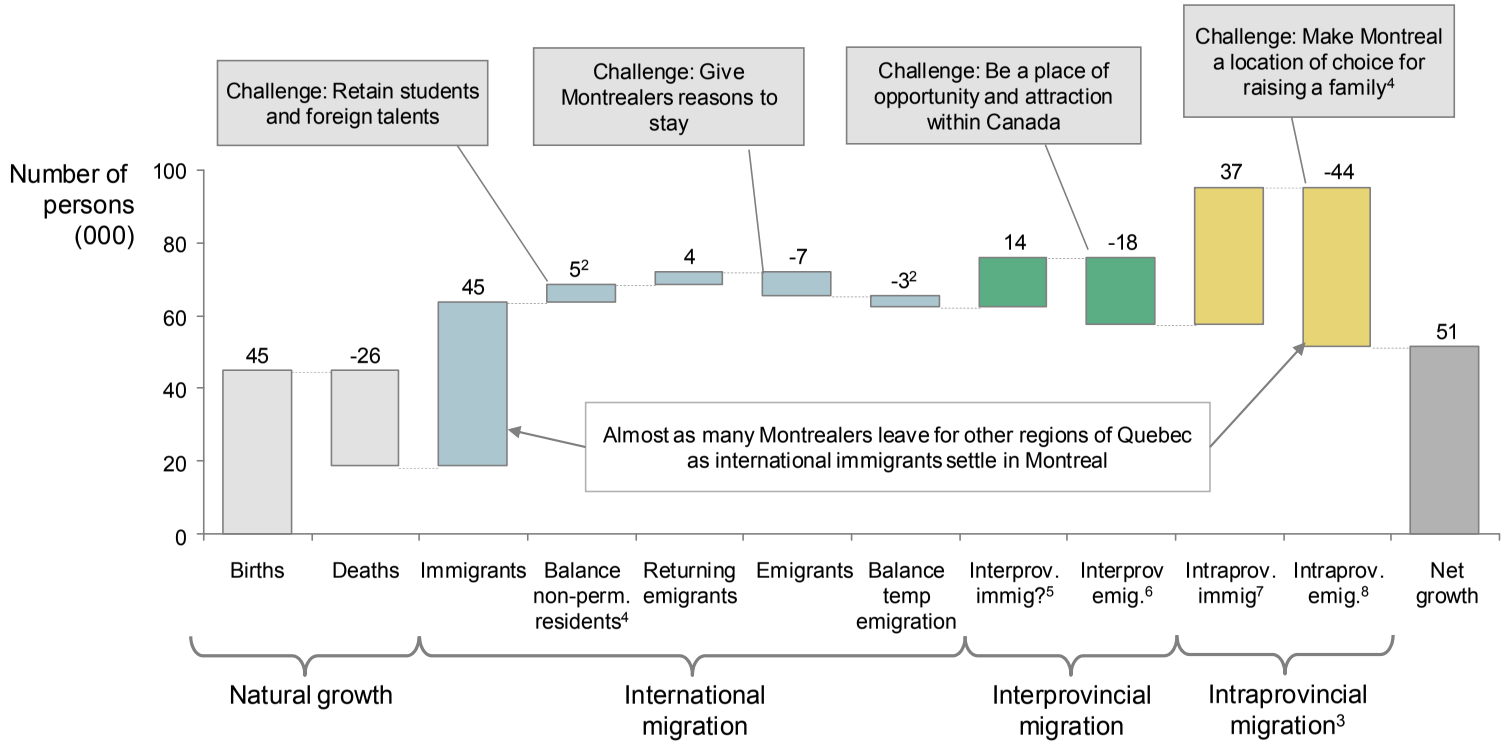


Figure 41: Proposal 1

	Historical 1998-2013			2019	2024	
	Montreal	Average of other Canadian cities[1]	Leader[2]	5-year ambition Montreal[3]	10-year ambition Montreal[3]	
Net demographic growth	1,0%[4]	1,9%[4]	2,7%[4]	1,4%[6,7]	1,9%[6]	• By relying on retention, reach a growth rate in line with the average for the other Canadian cities
+	~35 000[5]			~55 000	~85 000	
Unemployment rate	8,5%[5]	6,0%[5]	4,9%[5]	7,3%	6,0%	• Lower rate by 0.25% a year to reach the average • Corresponds to 5,500 to 6,500 additional jobs per year
= **GDP growth**	2,1%[4]	3,1%[4]	3,8%[4]	3,0%[8]	3,5%[8]	• "In the race" in five years • "lead the race" in ten years

1. Average for Ottawa, Toronto, Calgary, Edmonton and Vancouver. 2. The top performer among Montreal and the five other Canadian cities mentioned in note 1. 3. Starting year: 2014. 4. Average annual growth rate, 1998–2013. 5. Average, 1998–2013. 6. Annual growth rate for the current year. 7. Calculation based on progress toward the 2014 objective at a constant average annual growth rate. 8. BCG analysis: adjustment of the average annual GDP growth rate from 1998–2013, taking into account the combined effect of the ambition for demographic growth (Solow model: proportional 1:1, i.e. all things being equal, population growth is directly proportional to GDP growth (Okun's law: proportional 1:-2, i.e. all things being equal, a one percentage point increase in the unemployment rate results in a 2% reduction of GDP).
Source: BCG analysis, BCG interviews, Statistics Canada, Oxford Economics.

Figure 42: Migratory movement in Montreal, 2011–2012[1]



1. From July 1, 2011 to June 30, 2012; 2. Net balance of inbound and outbound individuals in this category; 3. The infra-provincial migration balance is of -7600 for people aged between 25 to 39 (versus -6154 for the general population), indicating that young people likely to form a family leave the heart of the metropolitan area (source: Canada Statstics); 4. Balance of non-permanent residents; 5. Cross-province immigration; 6. Cross-province emigration; 7. Infra-provincial immigration; 8. Infra-provincial emigration
Note: This breakdown relies on several different estimates from Canada Statistics – the resulting net growth can vary with other population calculation methods. Inbound/outbound individuals are slightly overestimated for some categories due to the calculation method, but balances are consistent with the whole periodSource: Statistique Canada

APPENDIX B – BIBLIOGRAPHY

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