Outline: Why are we here?

1. Rural Secretariat facilitates and brokers better policy —need to understand best practice that is generalizable
   • The presentations are to start a conversation about policy

2. Need to understand why places prosper if we want to help them prosper
   • Hundreds of regions in North America that are centered on one or more urban areas of at least 10,000—smaller than that implies a lack of critical mass.
   • These regions are competing across the world whether they know it or not. If a region is not a profitable place for business and/or offers a good quality of life, they lose!
Motivation Continued

- I will discuss ways to help Canada’s regions to be competitive—lifting rural and urban alike.
- Bad policies include chasing fads or good intentions combined with wishful thinking—often done to avoid doing best practice policies, but some are more effective. Some various ‘saviors’ for rural Canada:
  - **Agriculture Policy**—productivity growth vs. providing jobs.
  - **Value Added-Clusters**—transport issues, private sector
  - **Rural immigration**—beachhead, chained migration, networks, urban amenities
  - **Biofuels and the green economy**—subsidies, opportunity costs, and capitalized in land values.
  - **Amenities and tourism**—smaller in Canada than U.S.
  - **Social Capital**—building QOL or administering morphine?

Most Realistic is using urban trends to build strong rural communities.

1. **Rural Myth**—Today’s rural Canada is more diverse than 1950—needs to be dispelled.
   - Policies are based on the myth
   - Rather, good policy builds a broad-based foundation for the entire region

2. **Rural-Urban interdependence**
   - In 1950, communities detached from their neighbors
   - In 21st Century—communities linked in a web of inter-relationships
   - Governance trails what the people are doing across regions.
     - Should rural communities compete or cooperate?

3. **Successful cooperation builds strength**
   - Leverage growth in an entire region—town and country
Rural Myths: Back to the Future
The 1950s Rural Economy

1950 Myth: rural areas are only natural resource based

- This is a common media story
- Too often, federal and provincial policy is aimed at making this imaginary place “healthy” with policies mostly aimed at supporting resource based sectors

• The reality is that there are 3 rural North Americas:
  1) Amenity/recreation rich near mountains, lakes, oceans
     • Ex: Since the 1960s, Cottage Country remarkably transformed to an amenity driven economy: was mining, timber, farming (Okanagan reg.)
     • Less of a pattern in Canada than US, though increasing this decade
  2) Metro adjacent with commuting & wrestling with sprawl, growth
  3) Remote rural that is dependent on natural resource sectors

% Employment in Agriculture

<table>
<thead>
<tr>
<th>Year</th>
<th>Ontario</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1931</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>1971</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>2004</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

% Employment in Other Primary Industries

[Bar chart showing employment in other primary industries by country and year: Ontario and Canada.]


% Employment in Manufacturing

[Bar chart showing employment in manufacturing by country and year: Ontario and Canada.]

Even Agri-food sector “small”

Processing, input supply, grain storage is only 1.5% of employment in predominantly rural regions; Not huge multipliers.

Source: Statistics Canada, Ray Boltman
Farm HH’s rely on other sources

- 87% of Canadian farm household income is from off-farm sources
  
  - Source: AAFC Canada
  
  - 89% of U.S. farm household income is from off-farm sources
  
  - 68% of U.S. farm households have one or both spouses working off farm
    
    - Source: U.S.D.A., 2006, described in the notes below

- But what about other natural resources?
  
  - Natural Resources Curse—MT/ND today.
    
    - Wyoming vs. Alberta
    
    - Amenity driven growth can trump it: Phoenix v. Calgary

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Wyoming: Alberta on Steroids!

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>AB</td>
<td>39.6%</td>
<td>7.13%</td>
</tr>
<tr>
<td>WY</td>
<td>3%</td>
<td>14.43%</td>
</tr>
</tbody>
</table>

Lessons!

• The 1950s Rural Canada no longer exists.
  – Natural resource led growth is usually not sustainable: need to evolve.

• Farm/food policy is sub-optimal when linked to rural revitalization.

• Rural growth and development is far more complex than farm policy.
  – Note the contradiction, farm competitiveness requires producing more food with fewer workers—not the same as community prosperity!

• Sector-based policy often conflicts with place policy.

• This lesson also underscores the growing rural-urban interdependence and the needs for place policy.

Measuring Success in Rural & Urban Canada

• Success is long-run population growth
  – Combines good economy & quality of life
    • People vote with their feet
      • Not subjective such as rankings in (say) the Economist
    • Some people move to cities/suburbs
    • Some people move to exurbs/rural areas for rural quality of life and commute back to city
    • Some people move to high-amenity rural areas
Basic Lessons of Pop Change

• Cities are Canada’s engine of growth
  • Not as true in the U.S.

• North American rural development
  • Critical mass & threshold effects
  • Growth poles or growth clusters
  • Not everyone in small communities/neighborhoods commutes in their growth cluster, enough to stabilize their population and build critical mass

• This North American pattern underlies why rural & urban communities should work together.
<table>
<thead>
<tr>
<th>Rural Depends on Urban for:</th>
<th>Urban Depends on Rural for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Labor Force</td>
</tr>
<tr>
<td>Private and Public Services</td>
<td>Market for Private and Public Goods and Services</td>
</tr>
<tr>
<td>Urban Amenities</td>
<td>Market for Urban Amenities</td>
</tr>
<tr>
<td>Market for recreation activities</td>
<td>Recreation</td>
</tr>
<tr>
<td>Market for agriculture products</td>
<td>Food Safety and Security</td>
</tr>
<tr>
<td>Demand for Environmental Stewardship</td>
<td>Natural Environmental</td>
</tr>
<tr>
<td>Property taxes/land market</td>
<td>Land for Residential and Industrial Expansion</td>
</tr>
</tbody>
</table>

Communities should band together

- Large cities have the most growth spillovers
  - Metro areas >500,000 population
    - Calgary vs. Tulsa in their importance
- Canada’s pop. growth is also centered near urban areas of at least 10,000 people (CAs)
- Evidence: growth does not end at city border!
  - Growth spreads out for hundreds of kms, though the growth effects decrease with distance
  - Both rural and urban participate in growth.
Eastern Canada’s Engines of Growth
2001-2006 Population Growth

An Engine of Growth is defined as a metropolitan area with at least 500,000 population. Halifax is one “contender” Engine of Growth.

Western Canada’s Engines of Growth
2001-2006 Population Growth

An Engine of Growth is defined as a metropolitan area with at least 500,000 population. Saskatoon is one “contender” Engine of Growth.
1996-2001 Population in Manitoba and Saskatchewan at the CCS level: With 100 km rings around CAs and CMAs

Source: Statistics Canada—1996 CCS Boundaries

2001-2006 Population in Manitoba and Saskatchewan at the CCS level: With 100 km rings around CAs and CMAs

Source: Statistics Canada—2006 CCS Boundaries
Commuting shows range of rural-urban interdependence

- Commuting zones extend far outside of CA/CMA boundaries—show a growth cluster extending through an entire region.
- If someone can commute, they likely shop, utilize health care, participate in service organizations, etc.
- Such regions share common interests and these should be exploited regionally.
  - Live & work & shop & play in broad regions in a web of interdependencies—not like the 1950s.
Percent of Local Labour Force Commuting to Brandon CA—CCS Level Data

Percent Commuting to the Brandon CA - 2001

Percent of Local Labour Force Commuting to Montreal CMA—CCS Level Data

Percent Commuting to the Montréal CMA - 2001
Moral

• Building stronger regions is a world-wide issue.
  • France recently cut # of sub-national gov’ts by ¾ to enhance planning and efficiency. If a country that is thought to be adverse to change can do it, Canada can have its own version of governance changes.
  • Japan is working on regional collaboration in areas facing declining population to reduce gov’t costs and make regions competitive.
  • Indiana realizes that it has too much local gov’t for its own sake and proposes the elimination of 1,000+ of units.
    “Despite the enormous economic, social, and technological changes that have occurred…, Indiana’s system of local government would still be very recognizable to Hoosiers from the Civil War era…” Indiana Commission on Gov’t Reform, p. 42.

How can we cooperate?

• This can be a formal consolidation of gov’ts or it could be collaboration to make regions competitive.
  – Need a consensus!
    • Why rely on borders drawn for the needs of the 19th century
  – Further regional needs for “neighbors”:
    • Economic development
    • Broadband service in remote areas—e.g., rural Saskatchewan
    • Transport people/access to services and amenities
    • Environment/Land use
    • Education/health
    • Quality of life initiatives
    • Increased political clout for common interests: lobby Ottawa, Regina and be heard in Toronto and elsewhere.
• Need to build regional identity.
  – Despite the interdependence of communities, too many towns think as if they are an island.
    • My “favorite” is how nearby towns compete for each other’s business—destroying everyone’s tax base.
    – E.g., can the Tweed region brand itself as an unspoiled alternative for tourism?
• Nongovernmental: Chambers of Commerce
• Overlay regional gov’t on top of municipalities
  – Regional economic development authorities
  – Transportation—critical to build regional clusters

Communities/Regions need tools
• Provinces should devolve some authority
  – A positive case is Quebec
• More tax tools & tax sharing for regions
  – This facilitates cooperation.
  – Regional fuel/use taxes for transportation
  – Sales taxes (say 1% regional levy)
Local Devolution—continued

• Regional approaches stop the ‘city’ from keeping all of the gains while the ‘remote’ communities lose
  – Currently, (say) Regina keeps all of its tax revenues from region’s shoppers. Regional approaches would disperse some back to the country for needed regional projects.
  • Then there would be regional support for job creation.
    – Weakness of Conference Board (Globe and Mail) ‘cities’ approach. What’s in it for the rest of the Country?
    – Does not consider smaller hubs (just big 10) and does not require cities to share their prosperity with rural residents.

Examples of Cooperation

• Action Southwest centered around Swift Current, Saskatchewan is proactive.
• Outlook, SK is a good example of 1st Nations participating in a regional plan.
  • 1 hour away, Saskatoon reflects an opportunity
  • This is an opportunity in this larger region.
• Ft. McMurray/Wood Buffalo (growing pains).
• Gander, NFLD and surrounding villages
Example of Growth Clusters

• An urban area as small as 10-15,000 can be a growth cluster for rural communities (not just Toronto or Winnipeg)
  • Brandon, MB or Swift Current, SK are important far outside of their borders.
    • Not Zero Sum!
  • But governance structure needs to ensure everyone benefits and everyone participates.
  • Need to abandon the notion that rural and urban regions can be separated.

How can the RS facilitate success?

• Help build Cooperate & Build Trust with $:
  • Maybe better to think of towns as ‘neighborhoods’ rather than municipalities in an interdependent region (Mayor Ayling, Grande Prairie)
    – Everyone benefits, but not necessarily equally
    – Build supporting infrastructure:
      • Soft: governance and grassroots ‘buy-in’ and cooperation.
      • Hard: such as roads
Summary

• Clinging to the rural myth of the 1950s is not helpful
  • Refocus policy, don’t perpetuate myths or fads.
• Growth in much of rural North America depends on linking to urban areas
  • Groups of communities can form viable regions with critical mass to form growth clusters.
  • The status quo of going it alone will mean the death of far too many rural communities in the Great Plains/Prairies, Atlantic Canada. Northern Ontario.

Thank you

Presentation will be posted at The Ohio State University, AED Economics, Swank Program website:

http://aede.osu.edu/programs/Swank/ (under presentations)

• For commuting maps for all urban areas of Canada:
Appendix Slides
The First Five Slides are directly from Ray Bollman of Statistics Canada on MIZ and RST population growth.

Figure F8
In Saskatchewan, population growth only in the CMAs of Regina and Saskatoon in the 1986 to 2001 period

Census Metropolitan Areas (CMAs) have 100,000 or more in the urban core and includes all neighbouring towns and municipalities where 50 percent or more of the workforce or Census Agglomerations (CAs) have 10,000 to 99,999 in the urban core and includes all neighbouring towns and municipalities where 50 percent or more of the workforce commutes. Metropolitan Influenced Zones (MIZ) are assigned on the basis of the share of the workforce that commutes to any CMA or CA (Strong MIZ: 30 to 49 percent; Moderate MIZ: 5 to 29 percent; Weak MIZ: 1 to 4 percent; No MIZ: no commuters).
In Manitoba, consistent strong population growth in strong MIZ (metropolitan influenced zones)

Census Metropolitan Areas (CMAs) have 100,000 or more in the urban core and includes all neighbouring towns and municipalities where 50 percent or more of the workforce commute. Census Agglomerations (CAs) have 10,000 to 99,999 in the urban core and includes all neighbouring towns and municipalities where 30 percent or more of the workforce commute. Metropolitan Influenced Zones (MIZ) are assigned on the basis of the share of the workforce that commutes to any CMA or CA (Strong MIZ: 30 to 49 percent; Moderate MIZ: 5 to 29 percent; Weak MIZ: 0 to 4 percent; No MIZ: no commuters).

In Ontario, 2001 to 2006 strong population growth in the larger cities (CMAs) and in No MIZ (metropolitan influenced zones)

Census Metropolitan Areas (CMAs) have 100,000 or more in the urban core and includes all neighbouring towns and municipalities where 50 percent or more of the workforce commute. Census Agglomerations (CAs) have 10,000 to 99,999 in the urban core and includes all neighbouring towns and municipalities where 30 percent or more of the workforce commute. Metropolitan Influenced Zones (MIZ) are assigned on the basis of the share of the workforce that commutes to any CMA or CA (Strong MIZ: 30 to 49 percent; Moderate MIZ: 5 to 29 percent; Weak MIZ: 0 to 4 percent; No MIZ: no commuters).
Figure 10

In each period, strong MIZ grew faster than moderate MIZ which, in turn, grew faster Weak MIZ, Canada

<table>
<thead>
<tr>
<th>Year Period</th>
<th>Larger urban centres (LUCs)</th>
<th>Rural and small town (RST) areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All LUCs</td>
<td>CMAs</td>
</tr>
<tr>
<td>1986 to 1991</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991 to 1996</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996 to 2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001 to 2006</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Census of Population, 1986 - 2006. Data are tabulated within constant boundaries. Census Metropolitan Areas (CMAs) have 100,000 or more in the urban core and includes all neighboring towns and municipalities where 50 percent or more of the workforce are Census Agglomerations (CAs) have 10,000 to 99,999 in the urban core and includes all neighboring towns and municipalities where 50 percent or more of the workforce are assigned to CAs. Metropolitan Influenced Zones (MIZ) are assigned on the basis of the share of the workforce that commutes to any CMAs or CA. (Strong MIZ: 30 to 49 percent; Moderate MIZ: 5 to 29 percent; Weak MIZ: 0 to 4 percent; No MIZ: no commuters).
**Alberta Rural & Small Town—non CA/CMA, 2005**

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Agriculture</td>
<td>23</td>
</tr>
<tr>
<td>% Other Primary</td>
<td>96</td>
</tr>
<tr>
<td>% Manufacturing</td>
<td>20</td>
</tr>
</tbody>
</table>

**% Employment in Quebec Non-CMA and Non-CA Areas, 2004**

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Agriculture</td>
<td>20</td>
</tr>
<tr>
<td>% Other Primary</td>
<td>7</td>
</tr>
<tr>
<td>% Manufacturing</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Statistics Canada. 2004 Industries classified by NAICS codes.
Figure 3. Nonmetro Population Change, 2000-05

Source: Prepared by ERS using Census Bureau 2005 population estimates.

Figure 1. Farming-Dependent Counties in 1950 and 2000

Nonmetro farming-dependent counties, 1950
Nonmetro farming-dependent counties, 2000

Source: Farming-dependent counties are defined by ERS. Metro/nonmetro status is based on the Office of Management and Budget (OMB) June 2003 classification.