

1.0 Introduction

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The Canadian Rural Revitalization Foundation (CRRF) has at the heart of its mission the promotion and enhancement of the quality of life in Canada's small and rural communities. Founded in 1989 as the Agriculture and Restructuring Group, in response to the lack of interest in rural Canada and in particular rural research¹, CRRF was organized with a focus on developing rural research and knowledge dissemination and promoting an active process of engagement with rural stakeholders. The idea for this State of Rural Canada report came about in order to draw attention to rural challenges and opportunities, and to provide a source of information and a platform for information sharing. The report contains chapters on each province and territory and ends with a discussion chapter that offers a synthesis of core themes and a series of recommendations for advancing rural development in Canada. Each chapter has been authored by volunteers, who have generously donated their time and knowledge to the report. Their efforts emulate a tradition of volunteer commitment that is so prominent within rural communities themselves. The chapters provide some statistical data, but they are not intended to be statistical reports. Rather, we asked each provincial team to share their perspectives on a variety of core themes affecting rural Canada. We also asked the authors to limit the size of their chapters – something that was a challenge given the diversity of rural issues and the passion each author team has for the subject! As such, the chapters do not cover



everything – no report is capable of capturing every dimension and issue within rural Canada – and may contain opinions and perspectives that others disagree with. We hope this approach provides important context and nuance to our portrayal of rural Canada, and that it serves to stimulate discussion and debate – within each province and across the country as a whole.

Rural Canada is important to the country in that it is the site of food production, resource extraction, energy generation, clean water and air, and of increasing importance for carbon sequestration. In other words, rural Canada is a site of significant economic activity, job creation, environmental stewardship, and social/cultural production. Throughout much of CRRF's history the federal government of Canada was a significant partner and supported CRRF in a variety of different ways. However, the recent federal government preoccupation with fiscal challenges means they are no longer the active partner they once were, but still continue to support CRRF activity where possible. However, we would argue that rural has taken a "back seat" in terms of policy development and while CRRF was successful in the mid-1990s arguing for a cross sector, holistic approach to rural development¹ federal policy has, for the most part, once again focused on economic sectors at the expense of a more holistic approach to rural development. The recent downsizing of the Federal Rural Secretariat, and many other Provincial and Territorial programs, speaks to how current senior governments view rural Canada from a sector perspective and fail to take a holistic and cross sector perspective with regard to rural policy and development. In addition, the elimination of the mandatory census means that rural communities and organizations do not have access to information to inform their planning. While it is true that the same argument could be made for urban communities, urban communities have greater human and fiscal resources that can be drawn upon to meet this new information deficit.

In this chapter we provide an overview of pertinent issues in rural Canada. It is not meant to be comprehensive and there are a number of other topics that which could have been addressed. Simply, we are limited by space. We begin by looking at what rural means to help set the context for the subsequent chapters

The Concept of Rural

The question we begin with is what is rural? The

concept of rural has been defined numerous ways and various definitions have been given more emphasis at particular points in time and in different contexts. However, all rural communities share the two dimensions of rural:

- (low) density; and/or
- (long) distance to density^{2,3}.

Given the above, the bottom line is that every public policy and program applies, in different degrees, to both urban and rural populations. The objective of a rural perspective on policy, in our view, is to consider and to address the implications of rurality (density and/or distance to density) for each public policy and program. This was termed "the rural lens" by the Federal Rural Secretariat⁴. Thus the political will to make this assessment for each public policy and program is a key component of rural development. However, there is an old saying among rural development practitioners that if you know one rural community...then you know one rural community. This really speaks to the diversity of rural Canada that exists for any given degree of rurality. The outposts of Newfoundland are different than the rural communities in southwestern Ontario which are different from the rural prairie communities, the communities of Northern British Columbia or the Inuit and Aboriginal communities of the north. Each community has its own unique history, geography, and development trajectory complete with its own set of challenges and opportunities. And while communities are not destined to a particular fate as a result of their unique developmental trajectory, they are, in many ways constrained. Thus there is no single rural Canada, only the many manifestations of rural Canada and this makes rural policy development incredibly challenging.

The Changing Context of Rural Development in Canada

Despite the many manifestations of rural Canada, all rural areas and communities have experienced the accelerated change of the last 30 years, or what geographer David Harvey⁵ calls the compression of time and space; change occurs more quickly. The challenges rural Canada face include: social and economic restructuring; decline in the significance of the primary industries; decline in the manufacturing sector; demographic ageing as young people leave their home communities; and the diminishing of the

social safety net as a result of the decline of the Canadian welfare state and the rise of the Canadian neoliberal state⁶. Rural Canada is striving to adapt to the new economy, an economy that is increasingly globally interdependent, where change can literally happen overnight. What happens on the other side of the world can have direct and often immediate consequences for Canada and rural communities and regions.

Global economic restructuring is not the only issue rural Canada must contend with. For example, the challenges that global climate change present must also be met by rural people. Warren and Lemmen⁷ list a number of impacts, some which will affect rural Canada more directly. These include:

- risks associated with climate extremes including permafrost degradation, rising sea levels and plant species migration;
- risks to food production systems, including agriculture, fisheries and non-commercial food production through risks to transportation systems that they are dependent upon, and increased losses from invasive pest and diseases;
- climate related changes to species distribution resulting in novel ecosystems of which little is known, or in some cases the adaptability of species may not be quick enough so it would diminish biodiversity;
- increased hazards such as flood and wildfires that displace populations or destroy infrastructure;
- the impact of extreme weather events on water quality and infrastructure.

A third factor influencing rural development in Canada is Aboriginal people as they continue to affirm their treaty and land rights and advance the quality of life for their people, addressing the historic injustices of social exclusion⁸. In the 2011 National Household Survey 1,836,035 people reported having an aboriginal ancestry and 901,053 have been identified as status Indians. Of these 901,053 just slightly more than 52% live on reserve and in communities on crown land. Rural development in Canada must address the needs of the Aboriginal People of this country and embrace them as full partners in rural development, particularly as it relates to the development of the natural resources sector.

As these three factors converge—an interconnected global economy, global climate change, and the advancement of Canada’s Aboriginal People—they create uncertainty and change whereby we must navigate the present into the future knowing we are

never quite sure what the future will hold or look like. These factors coupled with an expansive landscape means rural Canada is diverse and complex.

The Canadian Rural Economy

Historically rural was synonymous in many ways with agriculture and agriculture policy was rural policy. Primary agriculture, while playing an important role in the Canadian economy, is responsible for only 1.7% of Gross Domestic Product (GDP). Also, with farms growing in size and the reduction of the number of farms—down 10% in the 2011 census—primary agriculture is a shrinking source of livelihood for rural people⁹.

Non-metro Canada is the home of 31% of Canada’s population, 28% of employed Canadians and responsible for approximately 30% of Canada’s GDP. The structure of Canada’s non-metro economy by importance of industry sector looks different depending upon whether you use a measure of number employed in the sector or the GDP generated by sector.

In terms of number employed, the largest sector in non-metro Canada is employment in the wholesale and retail trade sector. This is followed by the health and social assistance sector and the manufacturing sector. However, if GDP is the metric, then the sector including forestry, fishing, mining, quarrying and oil and gas extraction ranks as the largest sector in non-metro Canada because of the high GDP per worker in this sector. Thus, relatively few workers generate a relatively high amount of GDP in this sector. However, it should be noted that although the statistics show a relatively low share of direct employment in the mining, and oil and gas extraction sectors, the spin-off jobs are not insignificant. For example, manufacturing ranks as the 2nd largest sector and wholesale and retail trade ranks as the 3rd sector.

In terms of the manufacturing sector, there has been a significant decline in GDP. In 2002 manufacturing accounted for 8.9% of Canada’s GDP and in 2014 it accounted for 4.9%¹⁰. Winson and Leach¹¹ capture the devastation and trauma in the lives of unskilled and semi-skilled workers who lost jobs in the rural manufacturing sector, leaving workers in a precarious position and undermining community sustainability. There is the danger that this precarious work situation will become the norm.

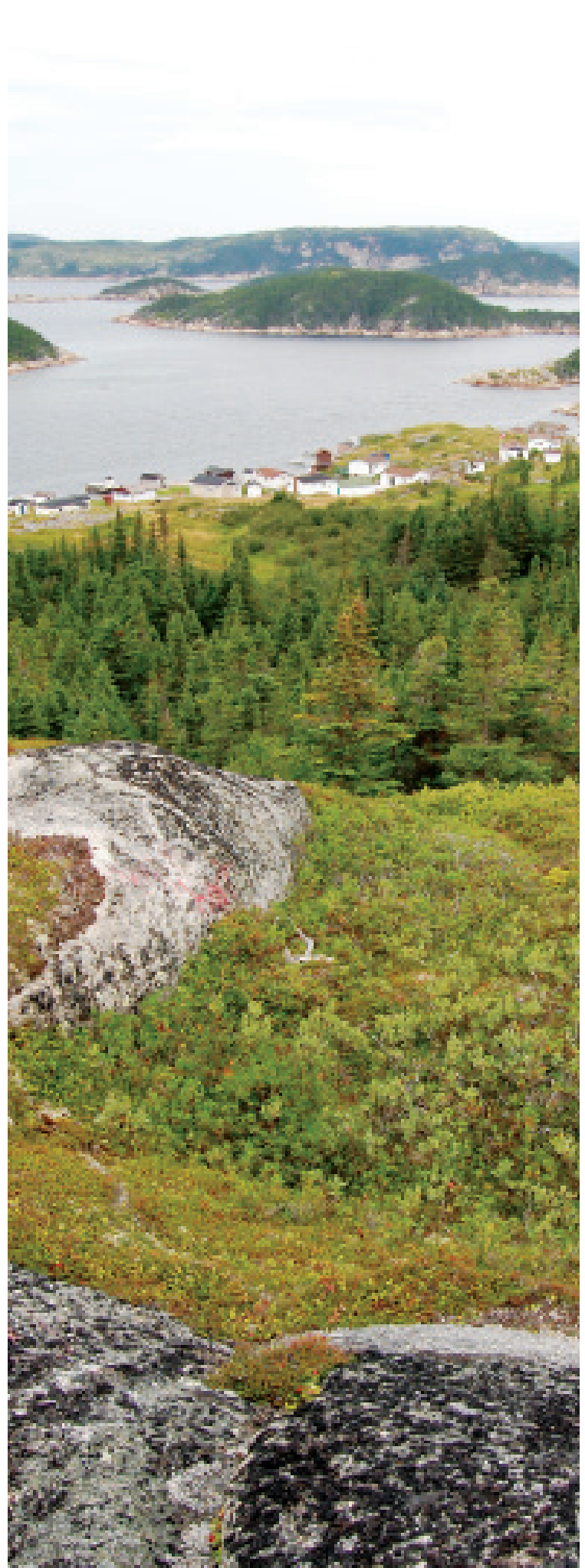
Much of the decline of the manufacturing sector has been a result of the preoccupation with the development of the energy sector, in particular the oil sands. The result, according to Rubin¹² was disastrous for the manufacturing sector in Ontario and Québec as the value of Canadian currency reached parity with American currency, and this meant the manufacturing sector was not competitive on the global market. But we have seen the volatile nature of the resource sector with the recent decline in oil prices creating a “financial and political crisis” in Alberta and Newfoundland and Labrador. Global action on climate change, recently invigorated by the agreement between China and the United States, will also bring additional pressures to the fossil fuel sector, and unconventional sources like the oil sands in particular¹³.

As global society transitions to alternative energy sources, other opportunities exist for rural Canada, particularly in the clean energy sector¹⁴. Flanagan explains that there will be significant growth in the clean energy sector which is worth \$1.1 trillion dollars in 2012 and it is estimated to be \$2.5 trillion by 2022. We cannot let pass by the opportunities to get in on the ground floor of the development of the clean energy sector and the potential opportunities it offers to rural Canada. For example, the placing of wind turbines in rural areas offers farmers an additional steady source of income if they are willing to lease land for the placement of turbines* with minimal risk to the remaining farming activities. There are also opportunities for revival of rural manufacturing in the clean energy sector. An example of this is the location of Siemens manufacturing of wind turbines in Tillsonburg, Ontario. Located in an old auto manufacturing plant, they currently employ over 400 people. As Canada strives to develop a national energy strategy, which is now happening through the Council of Federation Energy Strategy Working Group, rural Canada and rural people must be considered in their deliberations for they are likely to bear both the burdens and the benefits of a national energy strategy.

Human Capital in Rural Canada

While a global economy offers new opportunities for rural development, it requires a skilled and

* As of June 2015 Canada derives 5% of its electricity from wind power, enough to provide electricity to 3 million homes (CanadianManufacturing.com, June 15, 2015).





knowledgeable labour force. Yet Canada in general and rural areas in particular face a labour force challenge. In 2008, the demographic replacement of the non-metro workforce in Canada fell below 100%^{15,16}. Non-metro Canada has entered a period with fewer young potential entrants to the workforce, compared to potential retirees from the workforce. In metro Canada, the demographic replacement rate fell below 100% in 2013. This will intensify competition for workers and is expected to continue up until 2029. Furthermore, there has been a decline in skilled and semi-skilled jobs where a good living could be earned as noted earlier. The new labour force needs to be a more knowledgeable and skilled workforce. This is challenging for rural Canada. A report by the Canada Council on Learning¹⁷ highlighted three issues:

- rural communities have higher high school dropout rates (16.4%) relative to urban communities (9.2%);
- rural communities across the country have lower average levels of education with urban areas having slightly more than 60% of their population having some post-secondary education while rural communities had slightly less than 50%;

- among the 34 OECD countries Canada has the largest and hence worst rural-urban gap with respect to levels of education in the workforce.

Is the current rural labour force adequately prepared for participation in the new rural economy? Lauzon et al.¹⁸ add that rural communities often lose their best and brightest youth as they leave either for education or for better employment opportunities, and invest little in the youth who will stay. Clearly the issue of human capital in rural Canada will pose challenges to communities and regions as they grapple with the changing demands and opportunities in the global economy. This raises the question as to how rural Canada can ensure they have the appropriate skill sets and knowledge within their labour force to optimize the opportunities that may come their way through the new rural economy. This poses a major barrier to rural development in Canada and a major policy challenge for governments. Clearly the integration of new learning technologies into a rural human capital development strategy may play a role in meeting this challenge, but it is going to require creativity and determination if this goal is to be met.

One way to address the labour market shortage is to attract immigrants. A number of rural communities have been successful in attracting immigrants. Among non-metro census divisions (CDs), 10 CDs grew their population in one year (2013) by 0.6% or more by attracting immigrants^{15,19}. These CDs ranked from #9 to #28 among 293 CDs in Canada in terms of immigrant arrivals per 100 inhabitants. Thus, some non-metro CDs can be and have been successful in attracting immigrants. The absolute numbers may be small but the high rate of growth in many CDs implies a demand for growth in services to welcome, settle, and retain immigrants to the community. There are many examples of successful approaches across Canada of welcoming newcomers in rural areas, with Manitoba often cited with their settlement and integration continuum of services, where they have some of the highest rates of immigrants moving into rural communities²⁰. Another promising practice to integrate newcomers includes local immigration partnerships, where regional stakeholders including municipal councils and employers and local service providers implement actions. While there are successes, more is needed as concluded in a recent study of 29 communities across western and northern Canada²¹. Whether you consider the CDs with a higher rate of immigrant arrivals per capita or the CDs with a higher rate of growth in immigrant arrivals, the rurality (i.e., density and distance to density) of the CD suggests the need for differing approaches for an immigrant welcoming strategy. However, given a long-term labour shortage competition for immigrants will increase, and to date rural Canada has not been overly successful in attracting and retaining immigrants. If rural Canada is to develop vibrant communities and economies then they must enhance their existing human capital, which means welcoming newcomers.

Place-Based Policy

Given the economic restructuring and the emergence of the new rural economy, coupled with a declining labour force and global climate change, rural Canada will have challenges to meet but will also have new opportunities to capitalize on. Creativity and innovation are called for. The question that arises is how can governments' best invest in rural Canada, particularly given the various challenges and opportunities in the varying rural regions of Canada. In our view, recognizing the dimensions of rural (low population density and/or long distance to density) must be the first step to understand

the advantages and challenges of any given place. Given the degree of rurality, it is then important to have a flexible policy that can recognize the diversity of rural places. The idea of one size fits all policy will not work for rural Canada. Reimer and Markey²² argue that place matters because that is where people's assets are situated, that is where services are delivered, that is where governance takes place. In rural communities this is often through networks that are much more informal than those in the urban areas. The New Rural Paradigm²³ argues that picking winning sectors and picking winning firms within sectors has been fraught with failure. Rather a place-based approach is preferred (i.e., investing in the capacity of a place to develop itself). Then development decisions would tap into local knowledge²⁴, building on the "expertise" and experience of local people. This approach to policy requires more innovative forms of governance and requires collaboration among government, civil society, and the private sector. According to Bradford this points to the importance of local government and the strategic role they must play in place based policy, bridging between higher levels of government and other local and regional players²⁴. This requires significant change from traditional forms of policy development and requires new roles and new competencies for all stakeholders, hence there is a need for investment in developing the capacity of stakeholders to participate in this emerging form of policy development.

Conclusions

This chapter was not intended to be comprehensive, but meant to provide an overview of some of the current challenges rural Canada as a whole faces. It is also important to acknowledge that inherent within any challenge is an opportunity. The detailed challenges and opportunities of each province, territory, and aboriginal community are documented in this report. What we can conclude, however, is that rural Canada is changing through increased integration into the global economy, global climate change, and the assertion of their rights by Canada's Aboriginal People, creating an environment of uncertainty. To meet these challenges and capitalize on the opportunities presented rural stakeholders need creativity and new ways of doing rural development and supporting rural development. Rural Canadians have a long history of innovation and creativity and we are certain they will be able to draw on this history to meet the challenges of the future.

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