

**Factors of Employment Growth
in Rural Regions:
Canadian Case Studies**

Prepared by:

New Rural Economy Project of
The Canadian Rural Revitalization Foundation

Prepared for:

Canadian Rural Partnership

April 2001



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THE NEW RURAL ECONOMY

Factors of Employment Growth in Rural Regions: Canadian Case Studies

A Report submitted for

The Canadian Rural Partnership

April 18, 2001

A project of the Canadian Rural Revitalization Foundation



Factors of Employment Growth in Rural Areas: Canadian Case Studies

A REPORT

submitted for

The Canadian Rural Partnership

by

**New Rural Economy Project of
The Canadian Rural Revitalization Foundation**

April 18, 2001

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The Canadian Rural Partnership (CRP) is part of the Government of Canada's commitment to rural Canada. The CRP supports rural community development by adopting new approaches and practices that respond to rural development issues and concerns. This includes raising awareness of rural issues, reviewing issues from the perspective of rural Canada, assessing the effect on rural Canada of new policies, programs and services, and improving the policy decision-making process by making rural considerations an integral part of the decision-making process.

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Executive Summary

Employment growth in rural areas is affected by complex relationships among four factors: natural resources and amenities, the distance to major urban centres, government policies and programs, and the capacity of the local population. These conclusions are suggested by a case study analysis of two rural regions in Canada: the Notre Dame Bay Regions in Newfoundland (lagging) and the Parry Sound Region in Ontario (leading).

The Notre Dame Bay Region is a resource-dependent region in a peripheral rural coastal area located far from major metropolitan centres. Its declining population is widely dispersed in a number of small communities. The decline is due to the migration of a cross section of the population, not just the out-migration of youth.

The main factor in employment decline in the Notre Dame Bay Region census division is a continuing economic crisis, the result of significant restructuring of its economic base. The combination of a high proportion of seasonal workers in traditional primary and secondary sectors, the gradual depletion of fish resources, and a 1992 moratorium on cod fishing caused a profound crisis in the area. It was seen in plant closures and a dramatic reduction in the number of jobs in these sectors. Eventually this included the whole local economy, crippling the development of employment in more consumption-related sectors. It is exacerbated by relatively low levels of education and income.

In spite of the economic problems, there is remarkable community involvement in local economic and social projects. Government agencies and programs have played an important role in maintaining these activities – through national-based programs, the support of development associations, and provision of project-oriented financial aid. These have focused primarily on tourism, infrastructure improvement, and resource industry support. These local development activities face the problem of reversing a declining trend rather than maximizing the positive effects of a favorable situation, however.

The Parry Sound District is a rural forested region that is an important recreational tourist and resort area. Demographic growth is steady and its population is characterized by a high proportion of persons who are 65 years of age and over. Employment growth is tied to the economic activity generated by new residents, including a number of people who are converting their cottages into principal residences for their retirement.

Another significant growth factor is the recreational tourist industry. The area has an exceptional natural setting and is close to the major urban centres of the Ontario peninsula. The primary and secondary sectors are relatively unimportant today, despite the fact that the area was opened up by logging in the 19th century.

The identification of the Parry Sound District as a leading area is surprising since the socio-economic performance indicators are lower than provincial averages overall and even lower than

rural averages. The census division is nevertheless in a leading position because the growth rates for these indicators have been high. In short, the census division is one where the population is disadvantaged, has lower incomes, is less educated, and is less active in the labour force than the average for Ontario and Canada. However, it has made proportionally major strides forward and has embarked on a positive development trajectory, despite significantly high levels of unemployment.

As in the Notre Dame Bay Region, Parry Sound has a high level of social capacity. Local people, often in concert with regional or national partners, generate a considerable number of development strategies and projects. This has merged well with the decentralized philosophy currently reflected in national and regional economic development initiatives. The outcomes of these efforts are quite different, however: in the Notre Dame Region they basically maintain the status quo and in Parry Sound they provide moderate economic growth.

Several policy implications are suggested by this analysis.

- First, policies and programs must be flexible to allow for variations in local conditions. There are no single program solutions.
- Second, programs and policies should take advantage of local social conditions and institutions as well as the traditional economic ones.
- Third, communication and transportation infrastructure are important targets for support.
- Fourth, we need to develop more appropriate economic and legal mechanisms for managing the amenity, environmental, and cultural values of our rural places and environment.
- Fifth, we need additional research regarding the relationship between social organization and economic growth. This includes exploration of both formal and informal associations and networks, business and community relations, and the conditions supporting local economic, social, and political capacity.

Factors of Employment Growth in Rural Regions: Canadian Case Studies

Introduction

This project arose as a result of a request from the Territorial Development Service of the Organisation for Economic Co-operation and Development (OECD). They asked for Canadian case studies comparing a leading with a lagging region. The analysis will be combined with those from other countries as part of a study entitled “Factors of Growth in Predominantly Rural Regions: Identifying Policy Priorities”. The study will identify factors and processes that strengthen or compromise dynamism in the economies of strongly rural regions and identify the policy actions that have positive outcomes. The primary focus is on employment growth.

The Canadian Rural Revitalization Foundation (CRRF) was asked by the Canadian Government to provide material for this project because of their considerable research and education experience in rural Canada. For over a dozen years, CRRF has worked with rural people and Canadian policy-makers to understand the changes taking place and identify policy options for the future. As part of this work, we have systematically selected 32 rural sites to provide detailed, long-term comparative information regarding local experiences associated with changes in the new economy.

Two of these sites serve as the basis for responding to the OECD request. They are located within the larger regions (Census Divisions) that serve as a focus for the OECD research. Twillingate Census Subdivision is located within the Notre Dame Bay Census Division and Seguin Census Subdivision is located within the Parry Sound Census Division. Throughout this report, the primary focus is on the larger regions although at certain points we use our knowledge about the smaller sites to interpret and supplement the analysis.

CRRF is very pleased to be included in this endeavour. It has provided a significant opportunity to build our understanding of the processes influencing growth and to integrate our work with that of our OECD colleagues. We invite further collaboration as a result of this initiative. Details about our more general research program can be obtained via our two web sites:

<http://www.crrf.ca> and <http://nre.concordia.ca>

This report is organized to provide background information on the two case studies before turning to the more general questions and insights related to the OECD challenge. A detailed discussion of the Notre Dame Bay Region in Newfoundland and Labrador is followed by one focusing on the Parry Sound Region in Ontario. Finally, we respond to the six questions posed by the OECD and discuss in more detail, the following general insights.

- Natural resources and amenities, location, government policy and programs, and local capacity are important factors of growth.
- These factors interact in a complex manner to affect employment growth.
- Development programs serve multiple functions.
- Local conditions modify general policies.
- Timing matters.
- The distinction between “exogenous” and “endogenous” is misleading for the analytical

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demands of this project.

- Future research attention should be given to local social and institutional capacity.

Section 1: Notre Dame Bay Region

(CD 1008, Census Division No.8, Newfoundland)

Highlights

The Notre Dame Bay Region is a resource-dependent region in a peripheral rural coastal area distant from major metropolitan areas. Its population is widely dispersed in a number of small communities and is significantly declining demographically. This decline is occurring through the migration of a fraction of the whole population, not just the out-migration of youth.

The main factor in the decline in the Notre Dame Bay Region census division is a continuing economic crisis, the result of significant restructuring of its economic base. It is a fairly classic example of vulnerable, resource-dependent regions. Heavy dependence on a single economic sector causes vulnerability in these regions. The region has traditionally been active in the fishing and seafood processing sector and, to a lesser extent, the logging industry (agriculture has always been marginal).

The combination of a high proportion of seasonal workers in traditional primary and secondary sectors, the gradual depletion of fish resources, and the cod moratorium caused a profound crisis in the area. It was seen in plant closures and a dramatic reduction in the number of jobs in these sectors. Eventually this included the whole local economy, crippling the development of employment in other sectors, e.g., more consumption-related sectors. The manufacturing sector in the census division still shows a very low proportion of jobs in high-technology industries.

The situation in this area is worse than in rural Newfoundland as a whole. It has a population that is declining, with lower levels of education and average income – experiencing much underemployment and unemployment. The socio-economic indicators indicate that the region is lagging economically. These disparities are extreme when Notre Dame Bay Region is compared to the rest of rural Canada.

Notes

The official name of the census division studied is Division no. 8. In this report, we refer to it as the Notre Dame Bay Region, although this is not its official name. A map of this census division has been included in this report (see Appendix 1).

Data on the census subdivision (CSD or municipality) of Twillingate are shown in the tables to illustrate the information in Section 3 of this report: Factors of Growth Assessment. The findings of this report were obtained by aggregating the data for the former municipalities of Durrell, Bayview, and Twillingate, which have been amalgamated.

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The distribution of provincial and national data in rural, intermediate, and urban zones was obtained by aggregating the data from all the census divisions in Canada, based on their classification in the typology developed by the OECD: Rural, Intermediate, and Urban.

The province of Newfoundland has 10 census divisions. Based on the typology developed by the OECD, nine census divisions are considered to be rural and one is considered to be intermediate (St. John's and the surrounding area). Since none of the census divisions is considered urban, the tables contain no data on this line.

1. Description of the main spatial characteristics of the region

The rural peripheral coastal region is approximately 9,800 square kilometres. The sizeable part located in territories without municipal organization is fairly uninhabited (approximately 8,000 km²). Another part includes approximately 70 small communities dispersed on the coast, divided among roughly 50 municipalities and 20 hamlets in territory that is not part of a municipality (approximately 1,800 km²).

The landscape is characterized by:

- picturesque Atlantic coastline everywhere along the iceberg route, rocky and wild, broken into innumerable peninsulas, points, bays, coves, islands, and promontories;
- the presence of approximately 70 small communities dispersed in the region but located along the shore.¹ They are communities connected by the highway and a few ferries, but rarely contiguous (i.e., a settlement structure concentrated in isolated communities, separated by uninhabited spaces);
- inland, an abundance of rocky hills, wild rivers and lakes frequented by fishers, hunters, and vacationers, mainly locals; and
- a severe climate, particularly in winter, and a sparse, very exposed boreal forest.

Population groups ($\approx 45,700$ persons) mainly distributed as follows (see Table 1):

- approximately 37% in nine municipalities of 1,000 to 3,700 inhabitants, four of which have over 1,500 inhabitants and really serve as small service centres for the neighbouring area;
- approximately 38% in 40 small municipalities of less than 1,000 inhabitants;
- about 17% in approximately 20 small hamlets which are small community enclaves, located in territories without municipal organization and without municipal status themselves; and
- finally, approximately 8% living widely dispersed and in isolation in territories without municipal organization.

¹ In Newfoundland, traditional outports, usually deep in protected coves and natural harbours.

Table 1: Population Distribution, 1996

	Number	Population	% of Total Population	
Municipalities⁽¹⁾				
over 2,500 persons	3	10,044	20.8%	36.9%
from 1,000 to 2,000 persons	6	7,762	16.1%	
from 500 to 999 persons	15	10,817	22.4%	37.7%
from 300 to 499 persons	11	4,359	9.0%	
less than 300 persons	14	3,028	6.3%	
Territories without municipal organization⁽²⁾	13	12,237		25.4%

Note:

- (4) The municipality is the lowest level of local government. A municipal territory corresponds to a census subdivision (CSD) in statistical publications.
- (5) In the territories without municipal organization, there are approximately 20 small hamlets without municipal status (8,000 persons) and approximately 4,200 persons living in more dispersed areas in these territories.

1.1 Size of the main urban centre in the region

There is no urban centre in the census division. At most, there are four larger municipalities that serve as small service centres (small hospital, high school, etc.) for the neighbouring area:

- a) Baie Verte (\approx 1,700 inhabitants) for the Baie Verte Peninsula area;
- b) Springdale (\approx 3,400 inhabitants) for the Hall’s Bay Area;
- c) Lewisporte (\approx 3,700 inhabitants) in the centre of the census division; and
- d) Twillingate (\approx 2,900 inhabitants) in the island area around New World Island.

Outside the census division (close to the Notre Dame Bay region) are two larger populated areas:²

- a) Grand Falls–Windsor (\approx 14,200 persons), approximately 60 to 220 km from the populated areas in the Notre Dame Bay census division included in its sphere of influence; and
- b) Gander (\approx 10,300 persons), approximately 40 to 100 km from the populated areas in the Notre Dame Bay census division included in its sphere of influence.

² In fact, the urban areas of Grand Falls–Windsor and Gander are located in census division no. 6, immediately south of the Notre Dame Bay Region. With the exception of these two urban areas, census division no. 6 is practically uninhabited. Nonetheless, that is where the Trans-Canada Highway is located, which is the only route communicating with the rest of the province. For the population of Notre Dame Bay, it is the obligatory route out of the region, and the two urban areas serve as regional service centres (business centres, specialized hospital services, etc.).

1.2 Distance to the nearest major metropolitan area

- Approximately 500 km to the southeast is the only major metropolitan area in the province of Newfoundland: St. John's ($\approx 175,000$ inhabitants).³

1.3 Transportation and communication links

A network of secondary highways links coastal communities with the Trans-Canada highway. The Trans-Canada highway is the only communication route with the rest of the province, running south of the region in census division no. 6. Secondary highways include:

- a) Highway 410, connecting approximately 15 communities in the Baie Verte Peninsula;
 - b) Highways 380 and 390, connecting approximately 12 communities in the Hall's Bay Area;
 - c) Highway 340, connecting approximately 30 communities in Exploits Bay and the Twillingate Archipelago–New World Island;
 - d) Highway 335, connecting approximately 10 communities on Fogo Island; and
 - e) Highway 330, connecting approximately 10 communities in the Hamilton Sound area.
- Three ferries for the island communities (seven municipalities, four islands).
 - The only regular bus service to link Notre Dame Bay Region with the rest of the province runs south of the region via the Trans-Canada Highway, with one passage per day on each direction (to western and to eastern Newfoundland).
 - There has been no rail service in Newfoundland since 1988.
 - In practically all communities of the census division, Internet access is available (often without any competition, since the only Internet provider is the local telephone company). There is no rapid modem-cable access, just standard phone line connections at 56Kbps, with the usual dial-up speed at 33.6 Kbps (minimum 28.8 Kbps).

2. Assessment of current economic performance in the region.

2.1 Population (see Table 2)

The Notre Dame Bay census division had a population of 47,810 persons in the 1996 census. The population has been in decline since 1981 (see also Table 8). **At present, the population is approximately 45,745 persons** according to Statistics Canada's intercensal estimates.

The population density (≈ 4.9 pers./km²) is comparable to rural areas of the province and the

³ 600 km from Baie Verte, 500 km from Springdale, 450 km from Twillingate, 400 km from Lewisporte.

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country (≈ 3 to 15 pers./km²).⁴

The population is slightly older (11.4% of persons age 65 years and over) than the population in the province (10.1% of persons age 65 years and over), but this difference is not substantial because the proportion is still a little lower than in rural Canada as a whole (12.3% of persons age 65 years and over).

The age dependency ratio for the Notre Dame Bay Region (0.448) is comparable to the ratio found for the whole province (0.432) and country (0.474).⁵

Table 2: Population in 1996 and 1999, Population Density, Age Dependency Ratio, and Percentage of the Population Age 65 Years and Over in 1996

	Population 1996 ⁽¹⁾	Population 1999 ⁽²⁾	Population Density (pers./km ²)	Age Dependency Ratio ⁽³⁾	% 65 and +
CSD – Twillingate	2,954	-	113.3	0.449	13.9%
CD – Notre Dame Bay Region	47,810	45,745	4.9	0.448	11.4%
Newfoundland	547,160	541,000	1.5	0.432	10.1%
Rural	298,380	289,641	0.8	0.434	10.1%
Intermediate	248,785	251,359	27.2	0.428	10.1%
Urban	-	-	-	-	-
Canada	28,528,125		3.1	0.474	11.5%
Rural	8,970,105		1.0	0.524	12.3%
Intermediate	5,618,015		18.1	0.474	11.1%
Urban	13,939,995		275.5	0.444	11.1%

Notes:

(1) Statistics Canada, *Population Census*, 1996.

(2) Statistics Canada, *Annual Demographic Statistics*, 1999, n. 91-213, Table 3.4: *Estimate of Census Division Population, July 1, 1999*.

(3) (population < 15 years + population > 65 years) / (population 15-64 years).

The peripheral coastal area is declining demographically but, contrary to expectations, the census division population is not significantly older.

⁴ The rural population density of Canada at 1.0 pers./km² and of Newfoundland at 0.8 pers./km² is based on the full land area of Canada. With this definition, the total rural population may be divided into a territory which is largely uninhabited. Another approach is to divide the population by the ecumene area. In this case, the population densities in rural areas would be about 3 to 15 pers./km², depending on whether the territory is more or less peripheral.

⁵ In fact, it is slightly lower than in rural Canada because the proportion of persons under 15 years of age is lower in Newfoundland than in rural Canada as a whole.

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2.2 Education (see Table 3)

The population between 25 and 54 years of age is definitely less educated in the census division of Notre Dame Bay than in the province as a whole, even if only the rural part of the province is considered. This low level is even more significant since the population in the province is significantly less educated than in rural Canada as a whole. For example:

- a) in the census division, the proportion of persons age 25-54 years without a high school diploma is significantly higher (55.5%) than in rural Newfoundland as a whole (45.3%), which is significantly higher than in rural Canada (34.6%); and
- b) conversely, in the census division, the proportion of persons age 25-54 years with post-secondary education is markedly lower (33.4%) than in rural Newfoundland as a whole (44.6%), which is lower than in rural Canada (49.3%).

The overall level of educational attainment has increased constantly for 20 years in the census division but not as much as in rural areas, the province, or the country as a whole (see also Tables 9 and 10).

Table 3: Educational Attainment in 1996

	Population Age 25-54 Years				
	Total	< Grade 9	Grade 9-13 without Diploma	High School Diploma	Post-secondary
CSD – Twillingate ⁽¹⁾	2,400	670 27.9%	735 30.6%	240 10.0%	750 31.3%
CD – Notre Dame Bay Region	21, 030	4,840 23.0%	6,845 32.5%	2,315 11.0%	7,025 33.4%
Newfoundland	249,355	32,090 12.9%	62,560 25.1%	23,740 9.5%	130,965 52.5%
Rural	134,835	23,210 17.2%	37,910 28.1%	13,505 10.0%	60,195 44.6%
Intermediate	114,525	8,815 7.8%	24,655 21.5%	10,230 8.9%	70,760 61.8%
Urban	-	-	-	-	-
Canada	13,022,310	816,955 6.3%	2,697,465 20.7%	2,004,935 15.4%	7,502,960 57.6%
Rural	3,870,900	313,650 8.1%	1,025,945 26.5%	623,065 16.1%	1,908,090 49.3%
Intermediate	2,547,330	140,640 5.5%	537,650 21.1%	420,220 16.5%	1,448,830 56.9%
Urban	6,604,095	362,635 5.5%	1,133,880 17.2%	961,580 14.6%	4,145,985 62.8%

Note:

- (1) For the Twillingate CSD, the figures include all those 15 years and over, not just those between the ages of 25 and 54 as in other geographical units.

2.3 Income and labour market indicators (see Table 4)

Labour market indicators for the Notre Dame Bay census division are disconcerting. They show significant differences between Newfoundland as a whole and the rural part of

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Newfoundland. In addition, the province shows significant differences between Canada as a whole and the rural part of Canada. In fact, the differences are astonishing when the census division is compared with rural Canada, for example:

- a) the participation rate in the census division is significantly lower (48.3%) than in rural Newfoundland as a whole (53.8%), which, in turn, is distinctly lower than in rural Canada (63.7%);
- b) the employment rate in the census division is significantly lower (30.5%) than in rural Newfoundland as a whole (37.3%), which, in turn, is distinctly lower than in rural Canada (56.3%); and
- c) the unemployment rate in the census division is significantly higher (36.8%) than in rural Newfoundland as a whole (30.6%), which, in turn, is distinctly higher than in rural Canada (11.6 %).

These indicators reveal an extremely precarious economy and labour market in the census division. Without doubt, they demonstrate that the census division is a lagging rural region.

The differences are mainly explained by the following factors:

- The region traditionally relied on an economic base characterized by a large proportion of seasonal activities: fishing, fish processing, and, to a lesser extent, logging (see section 3);
- Gradual depletion of fish resources and the cod moratorium in 1992-93 caused a segment of the already fragile traditional economic base of the census division to disappear, as it did in all the coastal regions of Newfoundland.⁶
- Despite a great deal of effort, few employment alternatives have had a noteworthy effect upon available employment in the region.⁷

As a result, the average total annual income in the Notre Dame Bay Region census division is lower (\$14,119/year in 1995) than in Newfoundland as a whole, although differences with the rural part alone (\$15,952/year) are not as significant. This does not take into account the fact that the average total annual income in rural Newfoundland is notably lower than in rural Canada as a whole (\$20,718/year).⁸

⁶ The Notre Dame Bay census division is a good example of a case where a natural resource-based region is susceptible to the collapse of an economic sector. This is also true of single-industry cities and regions dependent on international markets. See sections 3.1 and 3.2 for further discussion.

⁷ The tourism industry in Newfoundland, for example, does not lack resources in terms of natural amenities but must deal with other major constraints: on a continental scale, the province remains highly peripheral; moreover, it is an island without a major metropolitan population pool.

⁸ This does not take into account the fact that part of the average total annual income in the census division, as in rural Newfoundland as a whole, is attributable to massive injections of public funds in the form of various transfer payments (e.g. TAGS – The

Table 4: Average Total Income in 1995, Participation Rate, Unemployment Rate, and Employment Rate in 1996

	Average Total Income 1995 ⁽¹⁾	Participation Rate ⁽³⁾	Unemployment Rate ⁽⁴⁾	Employment Rate ⁽⁵⁾
CSD – Twillingate	\$16,797 ⁽²⁾	47.8%	30.9%	33.1%
CD – Notre Dame Bay Region	\$14,119	48.3%	36.8%	30.5%
Newfoundland	\$17,478	56.3%	25.1%	42.1%
Rural	\$15,952	53.8%	30.6%	37.3%
Intermediate	\$19,303	59.2%	19.1%	47.9%
Urban	-	-	-	-
Canada	\$23,289	65.5%	10.1%	58.9%
Rural	\$20,718	63.7%	11.6%	56.3%
Intermediate	\$23,435	65.2%	9.6%	59.0%
Urban	\$24,836	66.6%	9.3%	60.4%

Notes:

(1) Average total income of the population age 15 years and over in constant 1995 dollars.

(2) For the municipality of Twillingate, this is the weighted average of the average total income of the former census subdivisions of Durrell, Bayview, and Twillingate, which have now been amalgamated.

(3) Participation rate = (labour force) / (population age 15 years and over) x 100

(4) Unemployment rate = (unemployed population) / (labour force) x 100

(5) Employment rate = (employed population) / (population age 15 years and over) x 100

Change in employment from 1986 to 1996 (see Table 5): On the provincial scale, gains in the St. John's region (6.6%) were nullified by losses in the rural regions in the rest of the province (-6.5%). In the Notre Dame Bay Region, the employed population decreased significantly (-12.8%). The contrast with rural Canada, where the employed population increased during the same period (13.6%), is dramatic.

Atlantic Groundfish Strategy, unemployment insurance, special allowances to fishers, financial assistance for occupational training and career transition, etc.). Had it not been for this economic aid, the cod crisis would have resulted in an even greater decrease in average total annual income (see Table 11).

Table 5: Comparative Change in Total and Employed Population, 1986 to 1996

	Change in Total Population 86-96		Change in employed Population 86-96	
	Number	%	Number	%
CSD – Twillingate	- 215	- 6.8%	- 95	- 11.9%
CD – Notre Dame Bay Region	- 6,125	- 11.4%	- 1,505	- 12.8%
Newfoundland	- 16,845	- 3.0%	535	0.3%
Rural	- 22,440	- 7.0%	- 5,810	- 6.5%
Intermediate	5,600	2.3%	6,330	6.6%
Urban	-	-	-	-
Canada	3,506,120	14.0%	1,616,530	12.1%
Rural	795,060	9.7%	536,190	13.6%
Intermediate	756,430	15.6%	372,655	14.3%
Urban	1,954,652	16.3%	707,715	10.5%

Compared to rural averages for Newfoundland, the Notre Dame Bay Region clearly appears to be an economically lagging region: it has lower average incomes, higher underemployment, and lower education levels. The gap becomes remarkable in comparison to rural Canada.

Since 1986, the region has experienced a greater decline in population and employment than rural areas in the province as a whole, even though rural areas in the country as a whole experienced growth (see Section 4). This is why the region clearly appears to be economically lagging.

3. Description of activities that are economic engines for the region

3.1 Economic base (see Table 6)

Like most other rural regions in Canada, the economy of the Notre Dame Bay Region is still characterized by a large proportion of jobs in the primary and secondary sectors ($\approx 23.6\%$ of the employed labour force, rural Newfoundland: $\approx 19.0\%$, rural Canada: $\approx 23.3\%$). Before the collapse of the fishery, this characteristic was a much larger and more influential factor.⁹

Currently, the primary sector is tied to the remains of the fishing industry that is not affected by the cod moratorium and to the logging industry ($\approx 14.3\%$). Agriculture is a marginal activity ($\approx 0.9\%$). The manufacturing sector is mainly characterized by traditional industries ($\approx 6.6\%$); high-technology industries rank second to last in terms of the number of jobs in the census division ($\approx 1.8\%$, in rural Canada: $\approx 5.7\%$).

In the census division, the services sector is more closely related to consumption than

⁹ For example, the primary and secondary sectors (essentially fishing and seafood processing and logging and wood products) employed approximately 38.9% of the labour force in 1981 and approximately 36.9% in 1986. Since 1991, this proportion has dropped to approximately 23.3%. See Table 7.

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 production. It includes three of the four largest activity sectors in terms of jobs but in proportions that are not significantly different from those found in rural Newfoundland in general or in rural Canada.¹⁰

Table 6: Major Economic Activity Sectors in Terms of Number of Jobs in 1996

Rank	Economic Sector	Employed Labour Force				Main Subsector
		CD – Notre Dame Bay		Rural Nfld.	Rural Canada	
		No.	%	%	%	
1	Social services (health, education, govt.)	3,250	27.7	30.4	23.1	
2	Distributive services	2,850	24.3	25.7	23.3	
3	Resource-based sector (except Agr.)	1,680	14.3	9.5	3.3	Fishing and logging
4	Personal services	1,420	12.1	12.4	13.1	
5	Traditional manufacturing	775	6.6	6.4	7.1	Seafood and wood products
6	Producer services	595	5.1	5.2	8.3	
7	Construction	550	4.7	4.8	5.7	
8	High-tech. Manufacturing	215	1.8	2.4	5.7	
9	Agriculture and related	105	0.9	0.7	7.2	
	Unspecified or undefined	300	2.6	2.5	3.2	

Notes:

- Resource-based sector (except Agr.): Fishing, Trapping, Logging, Forestry, Mining, Quarrying and Oil Wells;
- Traditional manufacturing (SIC codes): Food (10), Beverages (11), Tobacco (12), Rubber (15), Plastic (16), Leather (17), Primary textiles (18), Textile (19), Clothing (24), Wood (25), Furniture and fixtures (26) and Paper (27);
- High-tech manufacturing (SIC codes): Printing (28), Primary metals (29), Fabricated metals (30), Machinery (31), Transportation equipment (32), Electrical and electronics (33), Non-metallic minerals (35), Refined petroleum and oil (36), Chemical (37), Other manufacturing (39);
- Distributive Services: Transportation, Storage, Wholesale and Retail Trade Industries, Communication and Other Utilities;
- Producer Services: Finance and Insurance Industries, Real Estate Operator and Insurance Agent Industries, Business Service Industries;
- Personal Services: Accommodation, Food and Beverage Service Industries, Other Service Industries (includes amusement, recreation, personal services, employees of associations, leasing services, travel services, etc.);
- Social Services: Government Service Industries (Federal, Provincial, Local and International Agencies), Educational Service Industries, Health and Social Service Industries.

¹⁰ For example, distributive services and personal services for the census division: ≈ 36.4% of the employed population, rural Newfoundland: ≈ 38.1%, rural Canada: ≈ 36.4%.

3.2 Change in economic base (see Table 7)

In the Notre Dame Bay Region, the decline is mainly attributable to the disappearance of a large number of jobs in fish processing plants and in fishing. The traditional manufacturing sector and the non-agricultural primary sector, proportionately very large prior to 1986, have since experienced the most job losses (respectively dropping from 14.9% to 6.6% and 20.6% to 14.3% of the employed population between 1986 and 1996).

Other sectors have not experienced enough growth to offset the job losses in the traditional manufacturing and non-agricultural primary sectors. It is difficult to predict a trend for the next few years, although tourism and aquaculture are promising.

Table 7: Growth and Decline in Major Economic Activity Sectors in Terms of Change in Number of Jobs, from 1986 to 1996

Rank	Economic Sector	Employed Labour Force			Main Subsector
		1986	1996	Δ 86-96	
1	Producer services	355	595	240	
2	Personal services	1,235	1,420	185	
3	Social services (health, education, govt.)	3,090	3,250	160	
4	High-tech manufacturing	130	215	85	
5	Agriculture and related	60	105	45	
6	Distributive services	2,865	2,850	- 15	
7	Construction	590	550	- 40	
8	Resource-based sector (except Agr.)	2,725	1,680	- 1,045	Fishing
9	Traditional manufacturing	1,970	775	- 1,195	Seafood processing
	Unspecified or undefined	225	300	75	

Notes:

- Resource-based sector (except Agr.): Fishing, Trapping, Logging, Forestry, Mining, Quarrying and Oil Wells;
- Traditional manufacturing (SIC codes): Food (10), Beverages (11), Tobacco (12), Rubber (15), Plastic (16), Leather (17), Primary textiles (18), Textile (19), Clothing (24), Wood (25), Furniture and fixtures (26) and Paper (27);
- High-tech manufacturing (SIC codes): Printing (28), Primary metals (29), Fabricated metals (30), Machinery (31), Transportation equipment (32), Electrical and electronics (33), Non-metallic minerals (35), Refined petroleum and oil (36), Chemical (37), Other manufacturing (39);
- Distributive Services: Transportation, Storage, Wholesale and Retail Trade Industries, Communication and Other Utilities;
- Producer Services: Finance and Insurance Industries, Real Estate Operator and Insurance Agent Industries, Business Service Industries;
- Personal Services: Accommodation, Food and Beverage Service Industries, Other Service Industries (includes amusement, recreation, personal services, employees of associations, leasing services, travel services, etc.);
- Social Services: Government Service Industries (Federal, Provincial, Local and International Agencies), Educational Service Industries, Health and Social Service Industries.

4. Description of the region's socio-economic evolution

4.1 Change in population (see Table 8)

The population of the Notre Dame Bay Region has been declining, at least since the early 1980s (- 12.0%) and the downward trend accelerated after 1986. The decline in the Notre Dame Bay Region is more pronounced than the decline in rural Newfoundland as a whole (- 8.8%). The comparable situation in rural Canada is dramatically different (10.9%).¹¹

There is little disparity within the census division. In general, only the most populated areas have experienced smaller population decreases.

Table 8: Change in Population from 1981 to 1996

	1981		1986		1991		1996		Δ	81-96
C S D –	3,276		3,169		3,103		2,954		- 322	- 9.8%
Twillingate										
CD – N. D. Bay Region	54,335		53,935		51,540		47,810		- 6,525	- 12.0%
Newfoundland	563,750		564,005		563,935		547,160		- 16,590	- 2.9%
Rural	327,285	58%	320,820	57%	313,665	56%	298,380	55%	- 28,905	- 8.8%
Intermediate	236,470	42%	243,185	43%	250,280	44%	248,785	45%	12,315	5.2%
Urban	-		-		-		-		-	-
Canada	24,083,495		25,022,005		26,994,045		28,528,125		4,444,630	18.5%
Rural	8,089,795	34%	8,175,045	33%	8,540,010	32%	8,970,105	31%	880,310	10.9%
Intermediate	4,604,615	19%	4,861,585	19%	5,343,675	20%	5,618,015	20%	1,013,400	22.0%
Urban	11,389,130	47%	11,985,370	48%	13,110,350	49%	13,939,995	49%	2,550,865	12.4%

4.2 Change in educational attainment (see Table 9)

The population age 25-54 years is notably less educated in the Notre Dame Bay Region than in the province as a whole and the province is significantly less educated than in the country as a whole (see Section 2.2). However, the overall level of educational attainment has increased constantly for 20 years, for example:

¹¹ In Canada as a whole, the rural population is growing overall, but at a rate that is significantly slower than in intermediate or urban zones. In this context, the small province of Newfoundland is a specific case in Canada. Its total population has been declining since 1986, because the population in the intermediate zone increased more slowly than the population in the rural zone decreased. Between 1991 and 1996, both the population in the rural zone and the intermediate zone in Newfoundland decreased.

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- a) the proportion of persons age 25-54 years without a high school diploma fell from 69.2% in 1981 to 55.5% in 1996; and
- b) the proportion of persons age 25-54 years with post-secondary education rose from 22.3% in 1981 to 33.4% in 1996 (see Table 10).

The increase in educational attainment was lower in the census division than in rural zones, the province, and the country as a whole. In fact, the gap even widened slightly, when compared to overall education levels in the province.¹²

Table 9: Change in Educational Attainment in the Notre Dame Bay Region Census Division, 1981 to 1996

	1981		1986		1991		1996		%
Population 25-54 years	18,085		19,845		20,725		2,030		
Less than grade 9	7,115	39.3%	6,530	32.9%	5,495	26.5%	4,840	23.0%	-16.3%
Grade 9-13	5,400	29.9%	6,560	33.1%	6,635	32.0%	6,845	32.5%	2.6%
High school diploma	1,530	8.5%	1,640	8.3%	2,400	11.6%	2,315	11.0%	2.5%
Post-secondary education	4,035	22.3%	5,115	25.8%	6,200	29.9%	7,025	33.4%	11.1%

¹² For example, the proportion of persons age 25-54 years with post-secondary education in the census division rose from 22.3% in 1981 to 33.4% in 1996, a proportional increase of 11.1 percentage points. In rural Canada as a whole, the proportional increase was 12.2 percentage points. Compared to data for Newfoundland, where the proportional increase was 16.6 percentage points, the situation is unique. The increase in overall educational attainment was thus greater in Newfoundland than in Canada as a whole, rural or urban, widening the gap with the Notre Dame Bay Region, which has suffered emigration of a higher proportion of the most educated persons.

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Table 10: Change in Proportion of Population Age 25-54 Years with Post-secondary Diplomas from 1981 to 1996

	1981		1986		1991		1996		%
CSD – Twillingate ⁽¹⁾			455	18.5%	630	26.3%	750	31.3%	
CD – N. D. Bay Region	4,035	22.3%	5,115	25.8%	6,200	29.9%	7,025	33.4%	11.1%
Newfoundland	72,255	35.9%	90,855	41.2%	113,045	46.7%	130,965	52.5%	16.6%
Rural	34,835	30.2%	42,450	34.3%	52,065	39.3%	60,195	44.6%	14.4%
Intermediate	37,425	43.4%	48,390	50.0%	60,980	55.8%	70,760	61.8%	18.4%
Urban	-		-		-		-		-
Canada	4,285,63	44.4%	5,204,19	48.8%	6,398,34	52.6%	7,502,96	57.6%	13.2%
Rural	1,116,86	37.1%	1,320,74	40.5%	1,596,06	44.1%	1,908,09	49.3%	12.2%
Intermediate	783,870	42.9%	983,800	47.7%	1,240,70	51.7%	1,448,83	56.9%	14.0%
Urban	2,384,93	49.6%	2,899,60	54.2%	3,561,58	58.0%	4,145,98	62.8%	13.2%
	5		0		0		5		

Note:

(1) For the Twillingate CSD, the figures include all of those 15 years and over, not just those between the ages of 25 and 54 as in other geographical units.

4.3 Change in income (see Table 11)

The average total annual income in the Notre Dame Bay Region census division remains lower in 1995 than the provincial rural average, which is, in turn, significantly lower than the Canadian rural average.¹³

Despite the economic situation described previously (large decrease in jobs), incomes still increased since 1980 compared to the increase observed in rural Canada as a whole (9.1% compared to 8.7% for rural Canada). *Maintaining* the average total annual income levels in the census division is related to the massive injections of public funds, in the context of the cod crisis by TAGS (The Atlantic Groundfish Strategy), and other transfer payments (unemployment insurance, special allowances to fishers, financial assistance for occupational training and career transition, etc.). Had it not been for this economic aid, the average total annual income would certainly have decreased significantly.

¹³ Since 1981, the average total annual income in rural Newfoundland has always been between 74% and 79% of income in rural Canada.

Table 11: Average Total Income of the Population Age 15 Years and Over from 1980 to 1995 in Constant 1995 Dollars

	1980	1985	1990	1995	80-95
CSD – Twillingate		\$15,818	\$16,695	\$16,797	
CD – Notre Dame Bay Region	\$12,936	\$11,729	\$13,976	\$14,119	9.1%
Newfoundland	\$16,073	\$15,586	\$17,999	\$17,478	8.7%
Rural	\$15,097	\$14,056	\$16,305	\$15,952	5.7%
Intermediate	\$17,354	\$17,545	\$20,096	\$19,303	11.2%
Urban	-	-	-	-	
Canada	\$21,950	\$22,035	\$24,441	\$23,289	6.1%
Rural	\$19,066	\$18,813	\$21,226	\$20,718	8.7%
Intermediate	\$21,043	\$21,903	\$24,502	\$23,435	11.4%
Urban	\$24,234	\$24,165	\$26,415	\$24,836	2.5%

4.4 Change in the labour market (see Table 12)

The employment rate in the Notre Dame Bay census division is lower than in rural Newfoundland and considerably lower than in rural Canada. An extremely precarious economy, based on sectors now in crisis (mainly fishing and seafood processing), explains most of the job losses since at least the early 1980s. **Compared to 1981, the decrease in the employed labour force or population has been significantly larger in the census division (- 18.5%) than in the rural part of the province as a whole (- 11.1%)** and is contrary to what is happening in rural Canada overall (18.3%).¹⁴

Since 1986, the unemployment rate in the Notre Dame Bay Region census division has remained significantly higher than in rural Newfoundland.¹⁵ **The unemployment rate is a reminder of the extreme uncertainty in the region's economy in general and the local labour market in particular** (see Table 13).¹⁶

For more recent years (1996-2000), the unemployment indicators show a major improvement in the provincial (25.1 to 16.7 %) and national (10.1 to 6.8 %) labour market situations. But for the

¹⁴ Since 1981, job losses in rural Newfoundland have been greater than gains in the St. John's region, resulting in a decrease of 1.3% in the employed population.

¹⁵ In 1981, the unemployment rate in the census division, although very high (20.9%) and more than double the rate in rural Canada overall (9.1%), remained comparable with the rate observed in the rural part of Newfoundland as a whole (19.0%). Since 1986, the gap between the Notre Dame Bay census division and rural Newfoundland as a whole has persisted (between 6 and 10 percentage points).

¹⁶ As far as unemployment is concerned, it is always risky to comment on a change based on a small number of points of comparison over time (provided once in a five-year period). However, in this case, with the orders of magnitude involved (e.g., an unemployment rate in the census division more than three times higher than in rural Canada), a few percentage points are still only a matter of added nuances.

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 same period, at the smallest geographical level available¹⁷, these indicators show only a minor improvement in the region that includes the Notre Dame Bay Region (22.4 to 19.9 %).

The change in various population and labour market indicators show definitively that the Notre Dame Bay Region is among the most disadvantaged rural regions in a province that is itself the most disadvantaged in Canada as a whole.

Table 12: Change in the Employed Population from 1981 to 1996

	1981	1986	1991	1996	1981-96	
CSD – Twillingate		890	610	795		
CD – Notre Dame Bay Region	14,405	13,245	11,715	11,740	- 2,665	- 18.5%
Newfoundland	186,720	183,795	192,890	184,330	- 2,390	- 1.3%
Rural	99,985	94,710	95,185	88,900	- 11,085	- 11.1%
Intermediate	86,735	89,085	97,700	95,415	8,680	10.0%
Urban	-	-	-	-	-	-
Canada	11,167,915	11,702,215	13,005,505	13,318,745	2,150,830	19.3%
Rural	3,329,325	3,400,755	3,780,745	3,936,945	607,620	18.3%
Intermediate	2,057,310	2,241,575	2,550,180	2,614,230	556,920	27.1%
Urban	5,781,270	6,059,870	6,674,600	6,767,585	986,315	17.1%

Table 13: Change in Unemployment Rate from 1981 to 1996-2000

	1981	1986	1991	1996	2000*
CSD – Twillingate					
CD – Notre Dame Bay Region	20.9%	36.6%	44.4%	36.8%	
ER – N. Dame Cent. Bonav. Bay	-	-	-	22.4 %	19.9 %
Newfoundland	17.5%	25.6%	27.8%	25.1%	16.7 %
Rural	19.0%	29.5%	33.0%	30.6%	
Intermediate	15.8%	21.0%	21.9%	19.1%	
Urban	-	-	-	-	
Canada	7.4%	10.3%	10.2%	10.1%	6.8 %
Rural	9.1%	12.9%	11.7%	11.6%	
Intermediate	8.4%	10.0%	9.9%	9.6%	
Urban	5.9%	8.9%	9.4%	9.3%	

* Source: Statistics Canada, CANSIM

¹⁷ Economical Region, in this case : ER 040 Notre Dame - Central Bonavista Bay.

5. Description of visible signs of socio-economic change in the area

The most prominent issue in the region since the 1992 cod moratorium and the era of government fiscal restraint has been the survival of rural communities faced with the disappearance of a large number of jobs and the sustained demographic decline as previously described.

The main tangible signs of socio-economic change are:

- a) Closure of numerous fish processing plants and, in the best-case scenario, serious slowdown in activities;¹⁸
- b) Slowdown in mining activities in the one area where this industry counts, the Baie Verte peninsula;
- c) Logging lay-offs in the Baie Verte peninsula;
- d) Very low rate of housing starts; and
- e) Decreasing number of schools and drop in school enrolment.

6. Main thrust of the development strategy of the region's policy makers

The territory of the Notre Dame Bay census division is, in reality, made up of two functional areas¹⁹ and is covered by three economic development corporations.²⁰

The Emerald Zone and Kittiwake economic development corporations represent the main agents for development strategies in the region.

In the Notre Dame Bay census division, the main economic development objectives and strategies continue to be related to harvesting and processing natural resources: primarily ocean resources (aquaculture and commercial fisheries). Tourism, in the broad sense, is identified as a direction for development.²¹

¹⁸ For example, the Twillingate plant employed approximately 350 people throughout the 1980s and employed approximately 200 in 1991-92 and less than ten in 1996.

¹⁹ In the west, the Baie Verte Peninsula and Hall's Bay Area. In the east, the Lewisport, Twillingate, Fogo, and Musgrave Harbour area, i.e., the eastern part of Notre Dame Bay to the edge of Bonavista Bay. See Appendix 1.

²⁰ The western part of the territory, i.e., the Baie Verte Peninsula and Hall's Bay Area, is the territory of the Emerald Zone Economic Development Corporation. The eastern part of the territory is the northern half of the Kittiwake Economic Development Corporation. In the centre of the region, only a few small communities just west of Lewisport on the other side of Exploits Bay form a very small part of the Exploits Valley Economic Development Corporation.

²¹ For example, the Atlantic Canada Opportunities Agency (ACOA) has recently committed about \$2.8 million for the harbour development of Twillingate and a further \$1.7 million to 8 tourism-related projects in the Notre Dame Bay region.

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The Atlantic Canada Opportunities Agency (ACOA) has made significant investment through programs such as its Business Development Program, the Strategic Regional Development Agreement, and the Fisheries Restructuring and Alternative Measures Agreement (FRAM). Unfortunately, the major economic improvements have occurred in the larger centres. The Agency is now proposing an economic development strategy that will focus on the creation of immediate employment utilization of locally available skills to extend the economic growth pattern to more remote regions. The tourism industry is seen as providing the greatest opportunities for this approach, with the provision of a marine infrastructure as a second possibility.

6.1 Summary of the main economic development objectives and strategies:

1 Aquaculture:

- Consolidation and development of blue mussel farms;

The Notre Dame Bay Region is already renowned for the quality of the mussels produced in the area. Scallop culture is also being developed there.

- Development of sea urchin culture;

There has been a very recent initiative to develop a product completely neglected until now, due to the discovery of a very avid and potentially very profitable Asian market for sea urchin eggs.

- A major campaign to promote cod culture, which is still experimental.

2 Commercial fisheries:

- Promotion of the optimal use of seafood products, particularly increased use of processing by-products (secondary processing);

For example, the use of waste from snowcrab plants in the manufacturing of nutritional supplements (farming), use of cod heads as bait for lobster and crab fishing, use of “fish leather,” and so on.

- Development of underutilized species;

For example, male capelin and herring.

- Development of higher value-added processed products in untapped markets.

For example, smoked seafood.

3 Tourism - Development of hospitality infrastructure and tourist points of interest.

Also, to a certain extent:

4 Forestry - Development of optimal use of processing by-products;

Mainly in the Baie Verte Peninsula area, with, for example, the use of wood chips.

5 Mining - Operation of new deposits;

For example, peat moss operations in the Gander Bay Area. Other prospects include, gold deposits in the Springdale, La Scie, and Pine Cove area (Baie Verte Peninsula and Hall’s Bay).

6 Manufacturing sector and development of **information technology** businesses.

And more marginally:

7 Agriculture.

For example, culture of small wild berries, such as cranberries, which are currently very popular, and processing high value-added products (wild berry wine, etc.).

Section 2: Parry Sound District

(CD 3549, Ontario)

Highlights

The Parry Sound District is a rural forested region that is an important recreational tourist and resort area. Demographic growth is steady and its population is characterized by a high proportion of persons who are 65 years of age and over. This means that growth is not primarily tied to the birth rate but to the economic activity generated by new residents, including a certain number of people who are converting their cottages into principal residences for their retirement.

Another significant growth factor is the recreational tourist industry. The area has an exceptional natural setting (Georgian Bay, forests, landscapes, lakes, cottages, national and provincial parks, etc.) and a great location in relation to the major urban centres of the Ontario peninsula (i.e. 1½ hours from Barrie and 2½ hours from Toronto). The primary and secondary sectors are relatively unimportant today, despite the fact that the area was opened up by logging in the 19th century.

The census division's leading position is due in part to endogenous factors, such as the local resources (natural amenities) which make the area attractive, but also to purely exogenous factors, because a great deal of money pours into the area from the outside (from vacationers, tourists, urban visitors, etc.).

The population of the Parry Sound District and its overall level of educational attainment have increased compared to rural Ontario averages. The number of working people and the average total annual income have increased at a greater rate than the rural Ontario averages. Moreover, Ontario averages in these categories are higher than Canadian averages for rural areas.

The identification of Parry Sound District as a leading area is surprising since the socio-economic performance indicators are lower than the Ontarian averages in general and lower than even rural Ontario averages. The census division is nevertheless in a leading position because the growth rates for these indicators have been high. In short, the census division is one where the population is disadvantaged, has lower incomes, is less educated, and less active in the labour force than the average for Ontario and Canada. However, it has made proportionally major strides forward and has embarked on a positive development trajectory, despite significantly high levels of unemployment. Somehow, development has not delivered the goods for all.

Notes

Data on the Seguin census subdivision (CSD or municipality) are presented in the tables to illustrate the information in Section 3: Factors of Growth Assessment. They were obtained by aggregating the data from the former municipalities of Rosseau, Humphrey, Foley and Christie, which have now been amalgamated. A map of the census division has been included in this report (see Appendix 2).

The distribution of provincial and national data into rural, intermediate and urban zones was obtained by aggregating the data from all the census divisions in Canada, based on their classification in the typology by the OECD: Rural, Intermediate and Urban.

1. Description of the main spatial characteristics of the region

Mainly forested rural region of about 10,000 km². A major part is made up of territories without municipal organization (\approx ,000 km²) that are practically uninhabited or only inhabited on a seasonal basis by vacationers.

Landscape characterized by:

- very moderate relief and omnipresent mixed forest;
- an abundance of wild lakes and rivers used by anglers and hunters;
- many large lakes whose shores are dotted with cottages and secondary residences that are increasingly being converted into principal residences by former vacationers retiring to the area (Rosseau, Joseph, Otter, Manitouwabing lakes, etc.); and,
- the wild and jagged scenic coastline of Georgian Bay, with its innumerable coves, bays and islands, a major tourism and vacation destination (sports and boating in the *Thirty Thousand Islands*, national and provincial parks, etc.).

Recreational tourist and resort area where the population skyrockets in the summer because of the relative proximity of Ontario's large urban and metropolitan centres (Barrie, Toronto, etc.).

Permanent population (\approx 41,500 people) concentrated in two main areas (see Table 1):

- a) In the southwest, on Georgian Bay, in and around the town of Parry Sound, the gateway to this large concentration of islands (\approx 17,500 people);
- b) In the east, in a score of municipalities along Highway 11 between Barrie and North Bay (\approx 20,000 people).

Table 1: Population Distribution, 1996

	Number	Population	% total population
Municipalities⁽¹⁾			
over 6,000 people	1	6,326	15.9%
between 1,000 and 3,500 people	12	19,698	49.4%
between 350 and 999 people	15	9,529	23.9%
First Nations reserves	7	828	2.1%
Territories without municipal organization	2	3,525	8.8%
Total		39,906	

Note:

- (1) The municipality is the lowest level of local government. A municipal territory corresponds to a census subdivision (CSD) in statistical publications.

1.1 Size of the region's main urban centres

The only urban centre, the town of Parry Sound, in the southwestern part of the census division (6,326 inhabitants and about 11,000 inhabitants, if the neighbouring municipalities are taken into account).

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Outside of the census division, about 70-75 km farther south, the urban centre of Midland, on Georgian Bay ($\approx 15,000$ inhabitants) or the urban centre of Orillia on the shores of Lake Simcoe ($\approx 28,000$ inhabitants).

1.2 Distance to the nearest major metropolitan area

100-120 km farther south, the metropolitan area of Barrie ($\approx 119,000$ inhabitants).

200-250 km farther south, but not more than a 2-3 hours' drive, the metropolitan area of Toronto ($\approx 2,530,000$ inhabitants).

150-175 km farther north, the metropolitan area of Sudbury ($\approx 164,000$ inhabitants).

1.3 Transportation and communication links

Basically two main highways cut through the area:

- a) To the west, Highway 69 (the Trans-Canada) connects Barrie to Sudbury, following the shore of Georgian Bay and traversing the town of Parry Sound;
- b) To the east, Highway 11 runs between Barrie to North Bay, connecting some twenty municipalities;
- c) Only two secondary roads connect the eastern and western parts of the census division. This seems to indicate that there are in fact few links between the two regions.

In practically all communities of the census division, Internet access is available. Many communities have rapid modem-cable access as well as standard phone line connections at 56Kbps, with the usual dial-up speed at 33.6 Kbps (minimum 28.8 Kbps). Many businesses have used these facilities to advertise tourism opportunities and community events.

2. Assessment of the region's current economic performance

2.1 Population (see Table 2)

The Parry Sound District had a population of 39,500 in the 1996 census. According to the intercensal estimates done by Statistics Canada (see also Table 8), **its population has now reached about 41,500 inhabitants.**

The population density ($\gg 3.9$ pers./km²) is comparable to what is generally found in rural Ontario ($\gg 3.0$ km²)²².

²² The rural population density of Canada at 1.0 pers./km² and of Ontario at 3.0 pers./km², is based on the full land area of Canada. With this definition, the total rural population may be divided into a territory which is largely uninhabited. Another approach is to divide the population by the ecumene area. In this case, population densities in rural areas would be about 3 to 15 pers./km², depending on whether the

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Primary characteristic: the population is significantly older (17.0% is 65 and over) than the population of the province or country, even considering that rural areas are traditionally older than urban areas (rural Ontario: 13.4%, rural Canada: 12.3%).

The age dependency ratio is consequently higher (0.556) in Parry Sound District than the age dependency ratio found for the whole province (0.482) and country (0.474).

Table 2: Population in 1996 and 1999, Population Density, Age Dependency Ratio and Percentage of the Population Age 65 and Over in 1996

	Population 1996 ⁽¹⁾	Population 1999 ⁽²⁾	Population Density (pers./km ²)	Age dependency ratio ⁽³⁾	% 65 and +
CSD – Seguin	3,638	-	6.3	0.643	20.7%
CD – Parry Sound District	39,500	41,454	3.9	0.556	17.0%
Ontario	10,642,790	11,513,808	11.6	0.482	11.7%
Rural	2,124,730	2,263,186	3.0	0.546	13.4%
Intermediate	3,003,870	3,264,488	15.9	0.494	11.4%
Urban	5,514,185	5,986,134	506.5	0.452	11.2%
Canada	28,528,125		3.1	0.474	11.5%
Rural	8,970,105		1.0	0.524	12.3%
Intermediate	5,618,015		18.1	0.474	11.1%
Urban	13,939,995		275.5	0.444	11.1%

Notes:

(1) Statistics Canada, *Census of Population*, 1996

(2) Statistics Canada, *Annual Demographic Statistics*, 1999, n. 91-213, Table 3.4: *Estimates of Population for Census Divisions, July 1, 1999*.

(3) (population < 15 years + population > 65 years) / (population 15-64 years)

The Parry Sound area is a forested area with opportunities for recreational tourism due to its proximity to metropolitan centres. There is demographic growth with a large elderly population. This implies that the area is experiencing, in part, the arrival of new residents and some demographic transformation: i.e., people, including retired persons, are choosing to move to the area and are converting cottages into principal residences.²³

territory involved is more or less peripheral.

²³ This is supported by the fact that 8.4% of the labour force in the Parry Sound District are employed in the construction industry, compared to 5.0% on average in

2.2 Education (see Table 3)

The population aged 25-54 years is less educated in the Parry Sound District than in the province or country as a whole. The differences with rural Ontario or rural Canada are less striking since rural populations are generally less educated than those in urban areas. For example:

- a) the proportion of people age 25-54 years without a high school diploma is higher in the Parry Sound District (35.1%) than in rural Ontario (30.4%) or rural Canada (34.6%) as whole; and
- b) the proportion of people age 24-54 years with post-secondary education is lower in the census division (46.7%) than in rural Ontario (51.0%) or rural Canada (49.3%) as a whole.

The overall level of educational attainment has increased constantly for 20 years in the census division, but not as much as in rural areas, the province, or the country as a whole. Therefore, the gap has not been significantly reduced (see also Tables 9 and 10).

Resorts and recreational tourism are economic engines for the area, but are not associated with educational attainment that is higher than the provincial and national rural averages. This is due in particular to the significant numbers of low-skilled jobs in this area that do not require particularly high levels of education.²⁴

Canada as a whole. See Table 6.

²⁴ For example, in the Parry Sound District, only 5.3% of the employed labour force is found in high-tech industries, compared to 11.6% for Ontario as a whole or 8.1% for all of Canada. Relatively speaking, therefore, the sales and personal services sectors, that include tourism and resort-related jobs, are more important in the region (42.9% of the employed labour force) than in Ontario (36.8%) or Canada (37.9%) as a whole. See Table 6.

Table 3: Educational Attainment, 1996

	Population age 25-54 years				
	Total	<Grade 9	Grade 9-13 without diploma	High School diploma	Post-secondary
CSD – Seguin ⁽¹⁾	3,015	305 <i>10.1%</i>	710 <i>23.5%</i>	490 <i>16.3%</i>	1,520 <i>50.4%</i>
CD – Parry Sound District	15,980	790 <i>4.9%</i>	4,825 <i>30.2%</i>	2,905 <i>18.2%</i>	7,455 <i>46.7%</i>
Ontario	4,847,495	235,545 <i>4.9%</i>	944,005 <i>19.5%</i>	748,615 <i>15.4%</i>	2,919,325 <i>60.2%</i>
Rural	906,800	43,010 <i>4.7%</i>	232,770 <i>25.7%</i>	168,710 <i>18.6%</i>	462,280 <i>51.0%</i>
Intermediate	1,342,130	54,695 <i>4.1%</i>	275,170 <i>20.5%</i>	220,355 <i>16.4%</i>	791,910 <i>59.0%</i>
Urban	2,598,560	137,835 <i>5.3%</i>	436,060 <i>16.8%</i>	359,530 <i>13.8%</i>	1,665,120 <i>64.1%</i>
Canada	13,022,310	816,955 <i>6.3%</i>	2,697,465 <i>20.7%</i>	2,004,935 <i>15.4%</i>	7,502,960 <i>57.6%</i>
Rural	3,870,900	313,650 <i>8.1%</i>	1,025,945 <i>26.5%</i>	623,065 <i>16.1%</i>	1,908,090 <i>49.3%</i>
Intermediate	2,547,330	140,640 <i>5.5%</i>	537,650 <i>21.1%</i>	420,220 <i>16.5%</i>	1,448,830 <i>56.9%</i>
Urban	6,604,095	362,635 <i>5.5%</i>	1,133,880 <i>17.2%</i>	961,580 <i>14.6%</i>	4,145,985 <i>62.8%</i>

Note:

(1) For the Seguin CSD, the figures include all those 15 years and over, not just those between the ages of 25 and 54 as in other geographical units.

2.3 Income and labour market indicators (see Table 4)

Labour market indicators for the Parry Sound District vary significantly from those in Ontario, Canada, and solely rural areas of the province or the country, for example:

- a) The participation rate in the census division is lower (57.8%) than in rural Ontario (64.5%) or rural Canada (63.7%) as a whole;
- b) The employment rate in the census division is lower (50.3%) than in rural Ontario (58.4%) or rural Canada (56.3%) as a whole;
- c) The unemployment rate in the census division is higher (12.9%) than in rural Ontario (9.5%) or rural Canada (11.6%) as a whole.

These indicators reveal that the labour market is relatively weak and uncertain in the Parry Sound District, without relegating it to the status of a lagging rural area.

These differences can be, for the most part, explained by the following factors:

- a) **The area does not have a major economic base in the primary and secondary**

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sectors, contrary to the usual character of rural areas.²⁵

- b) A part of the area's service sector is more or less directly tied into recreational tourism and resort activities and is therefore marked seasonal employment.
- c) The population includes a significant proportion of senior citizens (see also Table 2) who are no longer part of the labour force (although they have an economic impact as consumers).²⁶

Consequently, the average total annual income is lower in the Parry Sound District (\$19,010/year in 1995) than in the province or country as a whole. The differences are less striking, when compared to rural Ontario (\$22,505/year) or rural Canada (\$20,718/year), as rural areas are on the whole traditionally less wealthy than urban areas.

Table 4: Average total income in 1995, Participation Rate, Unemployment Rate and Employment Rate in 1996

	Average total income 1995 ⁽¹⁾	Participation rates ⁽³⁾	Unemployment rates ⁽⁴⁾	Employment rates ⁽⁵⁾
CSD – Seguin	\$22,965 ⁽²⁾	57.5%	9.8%	52.2%
CD – Parry Sound District	\$19,010	57.8%	12.9%	50.3%
Ontario	\$25,346	66.3%	9.1%	60.2%
Rural	\$22,505	64.5%	9.5%	58.4%
Intermediate	\$25,632	66.4%	8.7%	60.7%
Urban	\$26,262	66.9%	9.2%	60.7%
Canada	\$23,289	65.5%	10.1%	58.9%
Rural	\$20,718	63.7%	11.6%	56.3%
Intermediate	\$23,435	65.2%	9.6%	59.0%
Urban	\$24,836	66.6%	9.3%	60.4%

Notes:

(1) Average total income of the population age 15 years and over in constant 1995 dollars.

(2) For Seguin Township, this is a weighted average of the average total incomes of the former census subdivisions of Rosseau, Humphrey, Foley and Christie, which have now amalgamated.

(3) Participation rate = (labour force) / (population age 15 years and over) x 100

(4) Unemployment rate = (unemployed population) / (labour force) x 100

²⁵ In the Parry Sound District, agriculture and logging are not dominant economic activities as in most other rural areas in the province and the country. The same can be said for manufacturing. Consequently, the economic base is such that the primary and secondary sectors are proportionately much weaker (12.5% of the employed labour force) than in rural Ontario (23.0%) or rural Canada (23.3%) as a whole. See Table 6.

²⁶ A higher proportion of senior citizens in a population always reduces the participation and employment rates (by "swelling" the denominators in the calculations). However, the higher unemployment rate in the Parry Sound District, which excludes the population age 65 and over, is a reminder that the age factor does not explain everything.

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(5) Employment rate = (employed population) / (population age 15 years and over) x 100

There are striking discrepancies within the census division, with respect to both labour market indicators and average total incomes. Such differences are apparent between the First Nations reserves, the smaller communities in the eastern part of the region and the resort communities on the Great Lakes and Georgian Bay, in and around the town of Parry Sound.

However, **employment growth (see Table 5) from 1968 to 1996 was decidedly higher in the Parry Sound District (15.3%)** than in the province (9.7%) or the country (12.1%) as a whole; employment growth was also higher in the Parry Sound District than in rural Ontario (12.7%) or rural Canada (13.6%).

Table 5: Comparative Change in Total Population and Employment, 1986-1996

	Total Population 86-96		Employed Population 86-96	
	Number	%	Number	%
CSD – Seguin	816	28.9%	295	18.7%
CD – Parry Sound District	6,065	18.1%	2,475	15.3%
Ontario	1,641,620	18.2%	492,520	9.7%
Rural	300,375	16.5%	123,490	12.7%
Intermediate	533,030	21.6%	231,440	16.2%
Urban	808,230	17.2%	137,625	5.1%
Canada	3,506,120	14.0%	1,616,530	12.1%
Rural	795,060	9.7%	536,190	13.6%
Intermediate	756,430	15.6%	372,655	14.3%
Urban	1,954,652	16.3%	707,715	10.5%

In comparison to rural Ontario and Canadian averages, the Parry Sound District appears to be an economically weak area with lower than average incomes, education, and employment.

However, compared with the change in these variables since at least 1986, the area stands out as having stronger, faster and more significant population and employment growth than the province or country as a whole (see Section 4).

This is why the district appears to be an economically leading area: it is on a development trajectory that has enabled it to reduce previous disadvantages even though unemployment remains proportionally high.

3. Description of activities that are economic engines for the region

3.1 Economic base (see Table 6)

Relatively speaking, **the economy of the Parry Sound District is less dependent on the primary and secondary sectors than most rural areas** ($\approx 12.5\%$ of the employed labour force, rural Ontario: $\approx 23.0\%$, rural Canada: ≈ 23.3 .²⁷)

Table 6: Major Economic Activity Sectors in Terms of Number of Jobs in 1996

Rank	Economic sector	Employed labour force			
		CD - Parry Sound District		Ontario rural	Canada rural
		No.	%	%	%
1	Distributive services	4,260	26.4	24.2	23.3
2	Social services (health, education, govt.)	4,240	26.2	22.9	23.1
3	Personal services	2,665	16.5	12.8	13.1
4	Construction	1,355	8.4	5.9	5.7
5	Producer services	1,040	6.4	8.2	8.3
6	High-tech manufacturing	850	5.3	10.2	5.7
7	Traditional manufacturing	680	4.2	6.1	7.1
8	Agriculture and related	305	1.9	5.5	7.2
9	Resource-based sector (except. Agr.)	175	1.1	1.2	3.3
	Unspecified or undefined	585	3.6	3.0	3.2

Notes:

- Resource-based sector (except Agr.): Fishing, Trapping, Logging, Forestry, Mining, Quarrying and Oil Wells;
- Traditional manufacturing (SIC codes): Food (10), Beverages (11), Tobacco (12), Rubber (15), Plastic (16), Leather (17), Primary textiles (18), Textile (19), Clothing (24), Wood (25), Furniture and fixtures (26) and Paper (27);
- High-tech manufacturing (SIC codes): Printing (28), Primary metals (29), Fabricated metals (30), Machinery (31), Transportation equipment (32), Electrical and electronics (33), Non-metallic minerals (35), Refined petroleum and oil (36), Chemical (37), Other manufacturing (39);
- Distributive Services: Transportation, Storage, Wholesale and Retail Trade Industries, Communication and Other Utilities;
- Producer Services: Finance and Insurance Industries, Real Estate Operator and Insurance Agent Industries, Business Service Industries;
- Personal Services: Accommodation, Food and Beverage Service Industries, Other Service Industries (includes amusement, recreation, personal services, employees of associations, leasing services, travel services, etc.);

²⁷It is a forested area but logging (which comprises most of the resource-based sector except for agriculture category) employs very few workers ($\approx 1.1\%$). Wood harvesting in this region is largely carried out by small woodlot owners on a secondary basis rather than professional loggers on vast tracts of Crown land. As a result, the significance of this sector for the regional economy does not appear in the employment statistics.

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- Social Services: Government Service Industries (Federal, Provincial, Local and International Agencies), Educational Service Industries, Health and Social Service Industries.

In terms of job numbers, its main economic sectors are more in line with consumption than production (distributive and personal services for the census division: $\approx 42.9\%$, rural Ontario: $\approx 37.0\%$, rural Canada: $\approx 36.4\%$). The relative over-representation of the service industry in the area should be looked at in relation to its activity as a recreational tourism and resort area. This increases the size of the service sectors in the regional economy as a whole (businesses, personal services, etc.), which every year must accommodate the ballooning summer population.

The construction industry is significant in the area and is linked to high rates of investment in real estate (cottage rentals, cottage renovations or conversions to principal residences, etc.).

3.2 Change in the economic base (see Table 7)

In the Parry Sound District, **the primary employment growth in the census division is in services**. This means that the area has more of an exchange and consumer economy than a production and export economy.

Unless there are unexpected developments, the trend for the upcoming years can be easily predicted: growth will be fuelled by recreational tourism and resorts.

Table 7: Growth and Decline in Major Economic Activity Sectors in Terms of Number of Jobs, from 1986 to 1996

Rank	Economic sector	Employed labour force			
		1986	1996	1986-96	1986-96
1	Social services (health, education, and govt.)	3,190	4240	1050	32.9%
2	Distributive services	3,705	4260	555	15.0%
3	Personal services	2,245	2665	420	18.7%
4	Producer services	840	1040	200	23.8%
5	High-tech manufacturing	730	850	120	16.4%
6	Construction	1,310	1355	45	3.4%
7	Resource-based sector (except Agr.)	135	175	40	29.6%
8	Agriculture and related sectors	320	305	-15	-4.7%
9	Traditional manufacturing	740	680	-60	-8.1%
	Unspecified or undefined	480	585	-	

Notes:

- Resource-based sector (except Agr.): Fishing, Trapping, Logging, Forestry, Mining, Quarrying and Oil Wells;
- Traditional manufacturing (SIC codes): Food (10), Beverages (11), Tobacco (12), Rubber (15), Plastic (16), Leather (17), Primary textiles (18), Textile (19), Clothing (24), Wood (25), Furniture and fixtures (26) and Paper (27);
- High-tech manufacturing (SIC codes): Printing (28), Primary metals (29), Fabricated metals (30), Machinery (31), Transportation equipment (32), Electrical and electronics (33), Non-metallic minerals (35), Refined petroleum and oil (36), Chemical (37), Other manufacturing (39);

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- Distributive Services: Transportation, Storage, Wholesale and Retail Trade Industries, Communication and Other Utilities;
- Producer Services: Finance and Insurance Industries, Real Estate Operator and Insurance Agent Industries, Business Service Industries;
- Personal Services: Accommodation, Food and Beverage Service Industries, Other Service Industries (includes amusement, recreation, personal services, employees of associations, leasing services, travel services, etc.);
- Social Services: Government Service Industries (Federal, Provincial, Local and International Agencies), Educational Service Industries, Health and Social Service Industries.

4. Description of the evolution of the region's socio-economic situation over time

4.1 Change in population (see Table 8)

The population in the census division has been steadily increasing since the start of the 1980s (19.2%). This growth is much higher than in rural Canada in general (10.9%) but comparable to growth in rural Ontario (18.3%).²⁸

There are certain disparities in the census division with respect to population change. Seguin, which represents in some ways the archetypal low-population density recreational tourism and resort municipality, has seen its population increase by about 34% over the same period.

Table 8: Change in Population from 1981 to 1996

	1981		1986		1991		1996		81-96	
CSD – Seguin	2,721		2,822		3,378		3,638		917	33.7%
CD – Parry Sound District	33,140		33,435		37,945		39,500		6,360	19.2%
Ontario	8,534,260		9,001,170		9,977,055		10,642,790		2,108,530	24.7%
Rural	1,795,485	21%	1,824,355	20%	2,011,650	20%	2,124,730	20%	329,245	18.3%
Intermediate	2,311,735	27%	2,470,840	27%	2,809,500	28%	3,003,870	28%	692,135	29.9%
Urban	4,427,050	52%	4,705,955	52%	5,155,915	52%	5,514,185	52%	1,087,135	24.6%
Canada	24,083,495		25,022,005		26,994,045		28,528,125		4,444,630	18.5%
Rural	8,089,795	34%	8,175,045	33%	8,540,010	32%	8,970,105	31%	880,310	10.9%
Intermediate	4,604,615	19%	4,861,585	19%	5,343,670	20%	5,618,010	20%	1,013,400	22.0%

²⁸ In Ontario and across Canada, the rural population is growing overall, but at a rate that is significantly slower than in intermediate or urban zones. Consequently, its proportion in the total population is decreasing. In this context, rural Ontario is, however, a specific case in Canada. Its rural population is increasing less rapidly than the population in intermediate or urban zones, but nevertheless more rapidly (18.3%) than the rural population in Canada in general (10.9%)

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e	5		5		5		5		0	
Urban	11,389,1	47%	11,985,3	48%	13,110,3	49%	13,939,9	49%	2,550,86	22.4%
	30		70		50		95		5	

4.2 Change in educational attainment (see Table 9)

Even though the Parry Sound District population aged 25-54 years is less educated than the province or country as a whole (see Section 2.2), **the overall level of educational attainment has increased constantly for 20 years**, for example:

- a) the proportion of persons age 25-54 years without a high school diploma dropped from 52.2% in 1981 to 35.1% in 1996; and
- b) the proportion of persons age 25- 54 years with post-secondary education (see Table 10) rose from 34.6% in 1981 to 46.7% in 1996.

This phenomenon of increasing educational attainment was not, however, more significant in the census division than in the rural areas nor in the province or country as a whole. The gap has not narrowed significantly.²⁹

Table 9: Change in Educational Attainment in the Parry Sound District, 1981 to 1996

	1981		1986		1991		1996		%
Population 25-54 years	11,885		12,680		15,150		15,980		
Less than grade 9	2,185	18.4%	1,510	11.9%	970	6.4%	790	4.9%	-13.5%
grade 9-13	4,015	33.8%	4,485	35.4%	5,090	33.6%	4,825	30.2%	-3.6%
High school diploma	1,575	13.3%	2,000	15.8%	2,845	18.8%	2,905	18.2%	4.9%
Post-secondary education	4,110	34.6%	4,690	37.0%	6,250	41.3%	7,455	46.7%	12.1%

²⁹ For example, the proportion of persons 25-54 years with post-secondary education in the census division rose from 34.6% in 1981 to 46.7% in 1996, a proportional increase of 12.1 percentage points. In rural Ontario, the proportional increase was 14.0 percentage points and in rural Canada as a whole, 12.2 percentage points. The increase in educational attainment in the census division is thus basically comparable to the increase in Ontario or rural Canada as a whole.

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Table 10: Change in Proportion of the Population Age 25-54 Years with Post-Secondary Diplomas from 1981 to 1996

	1981		1986		1991		1996		%
CSD – Seguin ⁽¹⁾			915	38.4%	1,275	46.4%	1,520	50.4%	
CD – Parry Sound District	4,110	34.6%	4,690	37.0%	6,250	41.3%	7,455	46.7%	12.1%
Ontario	1,573,225	45.6%	1,934,590	50.5%	2,476,615	55.1%	2,919,325	60.2%	14.6%
Rural	247,050	37.0%	291,815	40.5%	383,645	45.3%	462,280	51.0%	14.0%
Intermediate	388,750	42.6%	496,435	48.0%	663,910	53.4%	791,910	59.0%	16.4%
Urban	937,410	50.0%	1,146,340	55.1%	1,429,045	59.4%	1,665,120	64.1%	14.1%
Canada	4,285,635	44.4%	5,204,195	48.8%	6,398,345	52.6%	7,502,960	57.6%	13.2%
Rural	1,116,865	37.1%	1,320,740	40.5%	1,596,060	44.1%	1,908,090	49.3%	12.2%
Intermediate	783,870	42.9%	983,800	47.7%	1,240,700	51.7%	1,448,830	56.9%	14.0%
Urban	2,384,935	49.6%	2,899,600	54.2%	3,561,580	58.0%	4,145,985	62.8%	13.2%

Note:

(1) For the Seguin CSD, the figures include all of those 15 years and over, not just those between the ages of 25 and 54 as in other geographical units.

4.3 Change in income (see Table 11)

Average total annual income in the Parry Sound District remained lower in 1995 than rural averages in Ontario or Canada, despite having shown proportionally stronger growth since 1980. (20.2%, compared to 16.1% in rural Ontario and 8.7% in rural Canada).

Table 11: Average Total Income of the Population Age 15 Years and Over from 1980 to 1995 in Constant 1995 Dollars

	1980	1985	1990	1995	80-95
CSD – Seguin		\$19,281	\$24,212	\$22,965	
CD – Parry Sound District	\$15,809	\$16,914	\$20,420	\$19,010	20.2%
Ontario	\$22,990	\$24,097	\$26,978	\$25,346	10.2%
Rural	\$19,386	\$20,395	\$23,508	\$22,505	16.1%
Intermediate	\$22,353	\$23,658	\$26,727	\$25,632	14.7%
Urban	\$24,722	\$25,697	\$28,413	\$26,262	6.2%
Canada	\$21,950	\$22,035	\$24,441	\$23,289	6.1%
Rural	\$19,066	\$18,813	\$21,226	\$20,718	8.7%
Intermediate	\$21,043	\$21,903	\$24,502	\$23,435	11.4%
Urban	\$24,234	\$24,165	\$26,415	\$24,836	2.5%

4.4 Change in the labour market (see Table 12)

The employment rate in the Parry Sound District is lower than in rural Ontario or rural Canada, due in part to a highly seasonal and service-oriented economy. **However, compared to 1981, the increase in the employed labour force or population was overall greater in the census division (25.1%)** than in the province or country as whole, even when only rural Ontario (21.3%) or rural Canada (18.3%) is taken into account.³⁰

This increase in the employed labour force in a context of growth occurred simultaneously with a major increase in the number of unemployed. **The unemployment rates indicate the relative weakness of the local labour market: in the Parry Sound District, the rates have been higher than those in rural Ontario since 1981, even though they are lower than those in rural Canada as a whole** (see Table 13).³¹

For more recent years (1996-2000), the unemployment indicators show a major improvement in the provincial (9.1 to 5.7 %) and national (10.1 to 6.8 %) labour market situation. For the same period, at the smallest geographical level available,³² these indicators show also a major improvement in the whole region that includes Parry Sound District (9.8 to 5.6 %).

From a current perspective, contrasting the various labour market and population indicators confirms that Parry Sound is a region that is disadvantaged, with lower average incomes, education, and labour force activity than in Ontario and Canada. It has, nevertheless, made some progress towards closing the gaps. It has had minimal improvement in the employment rate.

³⁰ The employment rate in the census division shows little growth from 49.9% in 1981 to 50.3% in 1996. This stability occurred in spite of a 25.1% growth rate in the employed labour force over this period, because the number of unemployed persons also increased: by 106.9%. [ER=(employed/(employed+unemployed))]

³¹ As far as unemployment is concerned, it is always risky to comment on a change based on a small number of points of comparison over time, provided once every five years: seesawing economic conditions can skew any attempts to interpret the trends.

³² In this case, the Economical Region: ER 520 Muskoka - Kawarthas.

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Table 12: Change in Employed Population from 1981 to 1996

	1981	1986	1991	1996	81-96	
CSD – Seguin		1,280	1,595	1,575		
CD – Parry Sound District	12,915	13,675	16,300	16,160	3,245	25.1%
Ontario	4,214,98	4,585,15	5,041,94	5,077,67	862,690	20.5%
	0	0	0	0		
Rural	798,670	845,145	955,225	968,635	169,965	21.3%
Intermediate	1,073,65	1,196,20	1,385,29	1,427,64	353,990	33.0%
	0	0	5	0		
Urban	2,342,64	2,543,79	2,701,43	2,681,41	338,775	14.5%
	0	0	0	5		
Canada	11,167,9	11,702,2	13,005,5	13,318,7	2,150,83	19.3%
	15	15	05	45	0	
Rural	3,329,32	3,400,75	3,780,74	3,936,94	607,620	18.3%
	5	5	5	5		
Intermediate	2,057,31	2,241,57	2,550,18	2,614,23	556,920	27.1%
	0	5	0	0		
Urban	5,781,27	6,059,87	6,674,60	6,767,58	986,315	17.1%
	0	0	0	5		

Table 13: Change in Unemployment Rates from 1981 to 1996-2000

	1981	1986	1991	1996	2000*
CSD – Seguin		8.9%	6.2%	9.8%	
CD – Parry Sound District	8.2%	10.0%	9.2%	12.9%	
ER – Muskoka - Kawarthas	-	-	-	9.8 %	5.6 %
Ontario	5.6%	6.8%	8.5%	9.1%	5.7 %
Rural	6.6%	7.8%	8.3%	9.5%	
Intermediate	6.8%	7.9%	8.5%	8.7%	
Urban	4.6%	6.1%	8.6%	9.2%	
Canada	7.4%	10.3%	10.2%	10.1%	6.8 %
Rural	9.1%	12.9%	11.7%	11.6%	
Intermediate	8.4%	10.0%	9.9%	9.6%	
Urban	5.9%	8.9%	9.4%	9.3%	

* Source: Statistics Canada, CANSIM

5. Description of visible signs of socio-economic change in the area

As previously described, the Parry Sound District has shown relatively significant population and employment growth. Recreational tourism and resorts have played a crucial role in its growth, constituting the primary growth factor. There is some disparity between the eastern and southwestern parts of the area, however, with the southwestern sector around the town of Parry Sound clearly experiencing the strongest economic development.

The main tangible signs of socio-economic change are:

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- a) Over the past few years, major work has been done on Highway 69, in and around Seguin and Parry Sound, to upgrade it to a faster four-lane highway. The impact on the southwestern sector is felt to be extremely important since the new highway makes the area more accessible by cutting the travelling time between Parry Sound and the metropolitan areas of Barrie and Toronto;
- b) A new shopping centre was recently constructed just south of the town of Parry Sound to serve the citizens of this town and the neighbouring communities. It is also becoming a major service centre for motorists using the Barrie–Parry Sound–Sudbury corridor;
- c) In Parry Sound, a moderate-sized cultural centre has been planned, and should be built in the next few years;
- d) Again in the southwestern part of the census division, a new regional hospital, resulting from the merger of two smaller health centres, is presently under construction;

The fact that this rural forested area is so accessible (not too close to major metropolitan areas such as Barrie and Toronto but still within a reasonable driving distance) remains one of the most important keys to its future development.

The census division apparently has a growing number of professionals working in Toronto a few days a week and from home the rest of the week.

6. Main thrust of the development strategy pursued by the region's policymakers

The Parry Sound District census division is made up of two functional areas: the southwestern part around the town of Parry Sound and the eastern part stretching along Highway 11, connecting Barrie and North Bay.

There is no economic development corporation that covers the entire census division. In the East, there are several small local associations (municipal corporations or corporations that combine several municipalities, etc.) that are more or less formally organized. In the Southwest, the main development strategies are more clearly established, emanating from the Parry Sound Area Community Business and Development Centre and the Parry Sound Area Chamber of Commerce.

6.1 Summary of main economic development objectives and strategies:

- 1. Tourism – Increase the number of visitors, consolidate and develop the hospitality infrastructure, tourist events and points of interest, and develop ecotourism.**
- 2. Resort area – Maintain and develop the area as a resort area in a sustainable way, and assist the cottage rental industry.**
- 3. Small industry – Develop and support small and medium-sized businesses.**

To achieve the objectives for developing the area as recreational tourism and resort area, Parry Sound Area Tourism acts a co-ordinating agency for regional tourism marketing

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strategies for businesses in the southwestern part of the census division.³³

The Festival of the Sound (since 1979) is one of the most important summer festivals in Ontario.

The efforts of various corporations and municipalities to design and update a series of very valuable and extensive web sites should also be mentioned. These sites serve more or less as inventory sites for the regional tourism services offered, covering restaurants, hotels, campgrounds, bed and breakfasts, cottage rental companies, Thirty Thousand Islands cruises, and so on. More businesses are using this medium, and it is undoubtedly crucial to reaching and selling services to urban customers.

³³ For example, by organizing the Parry Sound Area Home and Cottage Show and representing the area at the Cottage Life Show of Toronto.

Section 3: Factors of Growth Assessment

An adequate assessment of growth cannot be made on the basis of two case studies. Each case suggests multiple potential factors for its own growth or decline but the verification of these suggestions depends on more controlled and thorough comparisons. A comparison with one other case can provide some focus for the assessment process, but falls far short of an acceptable level for confidence. In the long run, only by increasing the number of comparisons within a relatively strict framework can we feel sure that the factors identified are indeed significant and not merely idiosyncrasies of time or place.

It is within this context that answers are provided to the following questions. In most cases they demand a level of analysis that is far beyond the case study approach adopted. It therefore relies on considerable speculation, guided by opinions formed through familiarity with the research literature, field work in other sites, and experience in rural areas. Each claim requires further verification through more extensive research.

Question 1: What seem to be the main determinants of growth in the leading region? Are they absent in the lagging region?

Parry Sound District: Natural amenities and urban proximity as growth factors

The overall growth in the Parry Sound District census division is attributable to two factors that act simultaneously: their results cannot be analysed in isolation.

One is the natural resource factor: the region's remarkable endowment in natural amenities provides a comparative advantage for the region over a number of other rural regions (nature and natural features, the picturesque shore of Georgian Bay, forests, wilderness lakes, and lakes developed with resorts, parks, ecotourism attractions, etc.).³⁴ These natural amenities are the basis for the identity, image, and reputation of the region.

The other growth factor is the relative proximity of the region to a number of major metropolitan areas in the Ontario peninsula (Barrie, Toronto, etc.). The urban areas annually supply the region with many tourists and vacationers, as demonstrated by the ballooning of the population in the summer.³⁵ Urban areas also ensure noteworthy growth in the number of new residents,

³⁴ In the case of the former Township of Humphrey, now amalgamated with Foley, Rosseau, and Christie to form the new Seguin Township, the area of the territory was approximately 20,000 ha. Nearly 7,000 ha comprised bodies of water.

³⁵ The population of a number of municipalities doubles, even triples, in the summer. In the case of the former Township of Humphrey, for example, the population in the summer period is 75% vacationers.

particularly urban pensioners who choose to live in the region during retirement.³⁶ The relative proximity of major urban areas is the result of geography and infrastructure: a quality highway network (Highways 69 and 11) significantly increases the accessibility of the whole region, putting it within easy driving distance.

The relative proximity of major urban populations is fundamental since it ensures development of the natural amenities, generating economic growth based on local resources. A considerable number of rural regions in Canada are endowed with this type of natural amenity without experiencing social and economic development growth (most of the Newfoundland coast including the Notre Dame Bay Region census division, for example, or the Gaspé Peninsula in Quebec). The relative proximity of a large urban population has become an essential condition for the development of these resources. Without its endowment of natural amenities, distance would probably deprive Seguin and the census division of most of the economic benefits of Southern Ontario, the nearby urban zone, or rural urban periphery.

Notre Dame Bay Region: Dependence on natural resources and peripheral location as factors of decline

In the case of the Notre Dame Bay Region census division, its decline is primarily attributable to the region's heavy economic dependence on the cod fishery. This heavy dependence is currently undermining the region to a considerable extent and resulting in the sharp decline in jobs and population.

As in any staple economy, the historical dependence on fishing and seafood processing was economic justification for the very existence of the community³⁷ and its growth. During the latter part of the 20th century, however, the coast of Newfoundland has had relatively low income. With the increased productivity of offshore fishing and processing units, and more recently with the depletion of fishery resources, the cod moratorium, and the slowdown in the forestry and mining industry in the Baie Verte area, dependence on a few primary extraction sectors and secondary sectors became a major factor in the region's decline. Such is the situation in the municipality of Twillingate, in the Notre Dame Bay census division, and also most of the coastal area of Newfoundland.³⁸

³⁶ The Township of Humphrey has some of the highest-priced real estate in the province. One cottage sold for \$4.4 million (Cdn) recently.

³⁷ For example, Twillingate is one of the province's oldest seaports; it was the northern capital and the centre of trade for the Labrador and coastal fisheries for two centuries. Before the 1990s, Twillingate was a prominent fishing community; fishing and fish processing in the local fish plant were the major source of employment in the community.

³⁸ To illustrate the dependence on natural resources, it should be recalled that in Twillingate, for example, the primary and secondary sectors (almost essentially the fishing industry) accounted for 42.1% of the labour force in 1986, and over 15.9% in 1996. In the census division, these economic sectors (mainly fishing, but also forestry and mining in the Baie Verte region) accounted for 36.9% of the employed labour force in 1986, and over 23.6% in 1996.

As in other resource-dependent regions, dependence on raw materials is also a major factor. The potential for exceptional growth at one point in time can become a decline at another. While the Parry Sound District lost its traditional dependence on the logging industry over 50 years ago, the economy of the Notre Dame Bay Region is currently involved in a process of transformation. This transformation is by far the most important aspect of the decline, so that other growth factors potentially favouring the region are not yet sufficient to counteract the declining trend.

For example, the Notre Dame Bay Region's endowment of natural amenities (the picturesque and wild Atlantic coast, with icebergs, whales, etc.) is little utilized by outsiders in spite of considerable local attention to tourism development. This is most likely due to the highly peripheral nature of the territory and the absence of nearby urban populations.³⁹ The peripheral character of the census division is exacerbated by the fact that the coastal region is essentially served by a secondary highway network off the major communication route in the province. In this respect, the Notre Dame Bay Region stands in contrast to the situation in the Parry Sound census division.

Comparison: Growth in Parry Sound District versus decline in Notre Dame Bay Region

The growth in the Parry Sound District is based on its natural amenities and its proximity to large urban areas. These characteristics are supported by its transportation infrastructure and the positive public image of the region. The decline in the Notre Dame Bay Region is caused by its heavy dependence on fragile natural resources which are currently in crisis and its distinctly peripheral nature. As a result of these conditions, its natural amenities, strong regional identity, government assistance measures, and economic renewal programs have had only a limited impact on employment and incomes.

From a long term point of view, the two regions provide an interesting contrast: Parry Sound is a region moving from a lagging resource-sector condition to a leading tourism-sector area; Notre Dame Bay has moved from a leading resource-dependent region (during the early part of the 20th Century) to a lagging one as the fishing industry expanded then contracted while the resource disappeared.

³⁹ On a continental scale, the whole province remains highly peripheral. Moreover, the most highly populated part of the province is on an island (the region outside of Labrador) and has only one metropolitan centre: St. John's. This capital city is located about 500 km southeast of the Labrador region.

Question 2: Would you say that the course of events in the regions has mainly been shaped (positively or negatively) by exogenous (economic, social, political, policy) factors or by endogenous (local) factors?

Parry Sound District and Seguin: Growth based on complementary endogenous and exogenous factors

In the case of Seguin Township and the Parry Sound District, their endowment with natural amenities does not adequately explain their demographic, social, and economic growth. The proximity of major metropolitan areas (such as Barrie and Toronto), and the population of this area in general must be considered. However, without its endowment of natural amenities, distance would place Seguin and its census division at a disadvantage in comparison to the economic activity in southern Ontario, the urban zone, or rural urban periphery.

A strong regional tourism marketing strategy for businesses has been an important element of economic growth in Parry Sound. This is especially apparent in the southwestern part of the census division. Such strategies, combined with a heavy use of communication technology for recreational tourism and resorts have been crucial to reaching urban customers and selling them services.

It is therefore difficult to determine whether the region's growth is mainly attributable to endogenous or exogenous factors. Instead, growth seems to depend on complementary factors: the endogenous natural amenities factor combined with the exogenous urban proximity factor. These have been supported by the construction of a substantial communications and transportation infrastructure and the emergence of a local tourism strategy.

Notre Dame Bay Region and Twillingate: Decline mainly based on exogenous factors, in spite of exogenous and endogenous measures to reverse the trend

Depletion of the cod fishing natural resource and related industries is the overwhelming influence on the economic decline in Twillingate and the Notre Dame Bay Region. The causes of this depletion (and thus the exogenous-endogenous mix) are a matter of considerable theoretical, political, and even legal debate. Some claim they are endogenous, since local residents have contributed to the depletion - by over-fishing. Others argue they are mainly exogenous because the depletion of the cod stocks was strongly accelerated through federal jurisdiction and control over the off-shore fish stocks, over-fishing by off-shore foreign fleets, the decline in the seal fishery, and environmental pressures⁴⁰. An added complication is introduced by those who point to the political (electoral) imperative to keep people working. They argue that the reluctance to lower quotas earlier played an important role in the eventual collapse of the stocks.⁴¹

⁴⁰ The seal fishery has declined as a result of : shifting consumer tastes, negative publicity created by the environmental movement (exogenously driven), and environmental issues including changes such as warming ocean temperatures and cod's growing inability to swim fast.

⁴¹ Fish plants began to have supply problems and the number of fish plants workers started to decline during the early 1980s, with an acceleration of these trends after 1986 (c.f. Section 1, point 3).

Finally, all economic assistance in the form of transfer payments granted to compensate for the negative effects of the fishing crisis may be viewed as exogenous measures that have an important influence in the area. This includes such programs as unemployment insurance, special allowances to fishers and financial assistance for occupational training and career transition (particularly for former fishers and fish plant workers).

In its more extreme forms, this perspective attributes responsibility to local people themselves thereby suggesting another type of factor. The claim is that a long period of government assistance creates a culture of dependency, thereby reducing independent initiative.⁴² The extent of local activity invested in endogenous development initiatives challenges this claim and encourages an appropriately nuanced reading of the history of government support in the Notre Dame Bay Region.

In the western part of the Notre Dame Bay Region (Baie Verte), the slowdown in forestry and mining activities can be understood more clearly as the result of exogenous factors, since these activities are currently more affected by the unfavourable external market situation than by the problem of availability of resources.

It is risky to claim that the decline in the Notre Dame Bay Region is entirely attributable to endogenous or exogenous factors. However, we can observe that the region is primarily a victim of exogenous factors (depletion of natural resources). At the same time, a combination of exogenous and endogenous measures have been undertaken to attenuate the negative effects of the crisis without succeeding in reversing the trend.

Question 3: What critical actions/strategies undertaken by local authorities and civil society that could be described as ingredients for success in the region were not present in the other region?

Parry Sound District: Endogenous activities and strategies based on favourable trends and maximizing positive effects

The complementary nature of endogenous natural amenities and the exogenous urban proximity appears to be fairly well understood and integrated by stakeholders in Seguin Township and the Parry Sound District census division. They seem to understand how the two factors affect the region's success and have used their social capacity to act on that knowledge.

A good example of this capacity is reflected in the development of the region to accommodate the demand for tourism. People in the region came together to formulate a general plan, facilitate the growth of businesses in recreational tourism and resorts, initiate new public projects, and organize social and cultural events that enhance the visibility and identity of the region. Parry Sound has oriented primarily to the large markets in the cities to the south.

⁴² This type of factor is clearly exogenous in origin, but is frequently treated as endogenous where the dependency exists over a long period of time. Unfortunately, this latter perspective tends to "blame the victim".

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Existing activities are not integrated within one economic development corporation whose territory covers the whole census division. In fact, there is a major disparity between the eastern and southwestern parts of the area. In the eastern part, there are mainly a number of small local associations (municipal and inter-municipal corporations) that are more or less formally organized. In the southwestern part, the main development strategies and activities are established more explicitly, emanating from the Parry Sound Area Community Business and Development Centre (funded by FEDNOR), Parry Sound Area Tourism Corporation, and Parry Sound Area Chamber of Commerce. These differences internal to the larger region give us some clues as to the impacts of local actions and strategies.

The major and most significant development activities undertaken are the following:

The Parry Sound Area Tourism Corporation co-ordinates marketing strategies to “sell” the region and tourism services offered by businesses in the southwestern part of the census division.

Various sources provide assistance in starting businesses, mainly in the field of recreational tourism, and resorts.

The Parry Sound Area Home and Cottage Show and the region’s participation in the Toronto Cottage Life Show are orchestrated by local groups.

The Festival of the Sound held since 1979 is now one of the largest summer festivals in Ontario.

Various corporations and municipalities have designed and maintained a series of very valuable and extensive web sites. These provide an important inventory of the regional tourism services offered: restaurants, hotels, campgrounds, bed and breakfasts, cottage rental companies, Thirty Thousand Islands cruises, and so on. More businesses are using this medium, and it is undoubtedly destined to become a crucial tool in reaching urban clients and selling local services.

The town of Parry Sound has been planning to build a moderate-sized cultural centre.

The Parry Sound Area Chamber of Commerce produces various publications and other networking activities promoting the southwestern part of the region to attract small and medium-sized businesses.

Examples of activities and strategies in Seguin

As in many rural areas, there appears to be heavy community involvement in the Parry Sound Region. This can be seen in the number of area projects with more local impact: youth recreation, art council, environment, and so on. In Seguin Township,⁴³ for example, a number of recent achievements by local authorities and community agencies can be identified:

Establishment of an association of business people in the Rosseau area;

⁴³ In the vicinity of the town of Parry Sound in the southwestern part of the census division.

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Establishment of a local Arts Council;

Waterfront activities: The use of community buildings and parks has been increased and the waterfront has been revived making it more accessible. Through a funding partnership with the federal government (FEDNOR), Seguin Township has undertaken a process to develop a waterfront plan that includes commercial as well as recreational and cultural components;

Initiatives with respect to the Parry Sound regional airport;

General support for economic activity; working with the federal agency to assist small businesses to bring about economic development;

Introduction of waste recycling; and

Establishment of recreational activities for the whole population, including youth.

Among the major development vision and project concerns identified by stakeholders in Seguin are:

Establishing a better commercial and employment structure on a year-round basis. The Chamber of Commerce looks for summer jobs and applies for government programs, but it is considered inadequate by some since both work in the tourist trade, and occasional work for cottagers fluctuates considerably;

Developing and bringing business into the area. The main problem is that there are many low-level jobs but fewer for highly trained workers. A plan is in place to identify mentoring opportunities for local businesses;

Developing more residential areas;

Need to organize a single corporation and a larger base to pay for it;

Need for infrastructure improvements, in regard to both roads and communications (Internet means more people are working at home); and

Continuing to amalgamate volunteer boards.

This list does not allow an assessment (in the sense of measurement) of the impact of local development activities and strategies. However, given the degree of organization, particularly in the southwestern part around the town of Parry Sound, it does permit us to speculate that these activities and strategies contribute to maximizing the positive economic impact resulting from natural amenities and urban proximity factors. This anecdotal evidence supports the case for local social capacity as an important ingredient for development – in addition to the endowed resources of the region.

Notre Dame Bay Region and Twillingate: Endogenous activities and strategies face a major challenge

In the Notre Dame Bay Region, local development activities and strategies take place in a significantly different situation. Heavy dependence on vulnerable natural resources and the highly peripheral character of the area create a setting where the region faces considerable

disadvantages. In this context, what results can be attributed to local and regional development interventions?

As in the Parry Sound District census division, local capacity has produced a common development vision of the area and a number of proposals for activities and strategies to deal with the challenges. Unlike Parry Sound, however, local development activities in the Notre Dame Bay Region face the problem of reversing a declining trend rather than maximizing the positive effects of a favourable situation.

In the Notre Dame Bay Region census division, these activities and strategies are mainly identified, integrated, and co-ordinated by two economic development corporations: Emerald Zone Economic Development Corporation in the West and Kittiwake Economic Development Corporation in the East. ACOA supports these corporations in a significant manner. A number of small associations and para-municipal organizations more specifically dedicated to local economic development are also active.⁴⁴

The major and most significant regional development activities undertaken continue to be those related to the exploitation and processing of natural resources, mainly ocean resources. Tourism, in the broad sense, is also identified as a direction for development. Many of these programs are in the proposal or early stages of development, however. For example:

In aquaculture, the consolidation of already existing mussel farms and the development of new businesses of this type are proposed. The Notre Dame Bay Region is already renowned for the quality of the mussels it produces. The very cold water of the Atlantic coast is a major comparative advantage for this production and a guarantee of quality;

Promotion of scallop farming: these molluscs require considerable time to produce (3-5 years) but offer high added value;

Development of an aquaculture initiative: the culture of sea urchins for the eggs is a product completely neglected up to now. It offers high added value and very encouraging prospects in Asian markets;

Promotion of experimental cod aquaculture;

Development of higher value-added processed food products (e.g. smoked fish, etc.) and development of more optimal use of commercial fishing products through increased use of the by-products of processing (secondary processing) in manufacturing nutritional supplements, bait, and so on;

Promotion, within resource renewal limits, of commercial fishing of under-utilized species;

Development of hospitality infrastructure and tourism points of interest, assistance for new tourism businesses, consolidation of activities such as the well-known Twillingate and Fogo festivals;

Use of by-products of the processing of forestry products in the Baie Verte area;

⁴⁴ For example, in Twillingate and the surrounding area: Twillingate, New World Island, Change Islands Development Association, Twillingate Island Tourist Association, and a local business persons association.

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Operation of new mining deposits, particularly peat moss in the Gander Bay area, southeast of Twillingate and Fogo; and

Development of the manufacturing sector in general and information technology businesses.

Examples of activities and strategies in Twillingate

As is the case in Newfoundland as a whole, there is remarkable community involvement in the Notre Dame Bay Region in local sectoral projects. In the municipality of Twillingate, for example, the two most important developments since the crisis surrounding the cod moratorium in 1992 were major growth in the tourism services sector and various activities involved in the reopening of the local fish processing plant. The Atlantic Canada Opportunities Agency (ACOA) has played an important role in providing support for these activities. A number of recent achievements and proposals by local authorities, community agencies, and businesses include:

Establishment of the Twillingate Island Tourist Association and assistance to new tourism businesses (particularly bed and breakfasts, which are becoming a standard method of income enhancement for many). Tourism is the key focus for local strategic development, and some people consider Twillingate definitely a leading light now for successful tourism development in the province;

Consolidation of the current tourist whale-watching industry and development of more iceberg and whale watching, recognized as two guaranteed, non-consumptive, non-exhaustible resources;

Consolidation of attempts to promote a single historical culture through many small local history museums in the region, such as in Twillingate. A relatively high concentration of local history museums can be found in this region and the historical significance of the area is recognized for its cultural and tourism potential.⁴⁵

Project to develop a living historic nineteenth-century fishing village with characters in costume;

Development of recreational tourism and adventure tourism with various sporting activities, such as sea kayaking, snowmobiling, and cross-country skiing trails in winter, and cabin residences aimed at the international market;

Consolidation of the Summer Fish Fun and Folk Festival, which has existed since 1980 and has become one of the most important summer festivals in Newfoundland, along with the Fogo Island festival; and

There are currently many infrastructure improvements underway (causeway upgrade, wharf and water system upgrades) that are certainly part of the attempt to become even more appealing to tourists.

On review, a high degree of consistency is evident in development strategies. For example, there is regional consensus on more rational exploitation of fishing, forestry, and mining resources,

⁴⁵ Twillingate Local History Museum (18th and 19th century), Long Point Lighthouse, Durrell Museum (military history), and the United Church Museum.

aquaculture, and tourism, with tourism being seen as playing a major role in Twillingate's future. A number of encouraging achievements have been seen in this direction. As a result, local development activities provide a potential contribution to the emergence of viable economic alternatives and attenuation of the negative economic effects of the decline in the region.

Unlike Parry Sound, the local diversification strategies in the Notre Dame Bay Region are much more recent. As a result, it is difficult to evaluate their longer term impact. In fact, considering the continuing economic decline of the region, it is clear that the challenge of local development activities and strategies to reverse the trend toward decline has not yet succeeded.

Questions 4 and 5: If performance determinants are influenced by national and other top-down policies, why are such policies more effective in one region than in another? If public policy has a key impact, what policies, approaches, and instruments have been most useful?

The most important performance factors that explain the growth and decline curves in the two rural regions studied refer primarily to characteristics unique to each region: geographic features and “inherited” economic structures (peripheral character, raw materials, and dependence on natural resources in Notre Dame Bay; natural amenities, urban proximity, and tourism and resort demand in Parry Sound). Local economic development initiatives in each of the two regions take this “heritage” into consideration as constraints and opportunities. Each region is fully focussing on recognizing their potential with respect to comparative advantages.

Their conditions vary significantly, however. The region of Notre Dame Bay is faced with two challenges unknown in Parry Sound: the collapse of their basic resource industry and the distance to primary markets. As a result, the same policy is likely to have very different implications for the outcomes and opportunities.

In both regions, we have found evidence of considerable local capacity.⁴⁶ Local people, often in concert with regional or national partners, generate a considerable number of development strategies and projects. The outcomes of these efforts are quite different, however: in Notre Dame they basically maintain the status quo and in Parry Sound they provide moderate economic growth. Whether this is due to local capacity or to endowed regional characteristics is difficult to judge. What is clear, however, is that the nature and delivery of general programs should account for these differences.

In order to explore the interactions among such programs, the regional endowments, and the local capacity, we will consider two national programs (Employment Insurance and Old-Age Security) and three regionally-based government programs and operating agencies (FEDNOR for rural northern Ontario, and ACOA and The Atlantic Groundfish Strategy [TAGS] for the Atlantic Region).

⁴⁶ Using education as an indicator we expect that Notre Dame is at a relative disadvantage in some respects, but the extent to which this affects outcomes is impossible to judge from the two cases examined.

Employment Insurance plan

The Federal Employment Insurance plan takes on significant importance in rural areas characterized by seasonal economic activities (natural resources, tourism, and resorts). The plan is universal throughout Canada, although its terms and conditions for eligibility and duration are adjusted based on the overall economic performance of the various regions. It most likely functions to level out the variations in the forest industry in the Parry Sound District, whereas in the Notre Dame Bay Region, it plays an important roll during the long term decline in employment due to the fishery crisis.

This policy enables a significant portion of the population in each region to be able to continue to remain there to live and work. The plan provides cash flow through compensation for the disadvantages of the seasonal nature of the work so that local retail and informal economies can exist. For workers in seasonal economic sectors, these short-term assistance measures, over the medium and long term, can become more like income supplement measures. In other words, the measures may contribute to a “way of life,” engendering a kind of unemployment “culture” (EI recipients who look only for enough work to qualify for more EI).

In the case of the Notre Dame Bay Region, where economic decline is engendering endemic, permanent, structural unemployment as well as compensating for the seasonal nature of the work, Employment Insurance plays the role of a relief measure: minimizing the social and personal impacts of the crisis while seeking a reversal of the trend. In some cases, the Employment Insurance plan can subsidize seasonal employers⁴⁷ or stimulate companies and governments to create short-term jobs. The impact of this plan in the Parry Sound Region is less likely to be so critical to the quality of life.

It should also be pointed out that this policy has seen its scope and influence modified in recent years in the two regions studied, essentially due to reform of the plan undertaken in 1995-96, which tightened rules for eligibility and duration of benefits. It is difficult to assess the impacts of these reforms without further, detailed analysis since they will affect life style choices and migration patterns as well as incomes.

Old-Age Security

Canada’s Old Age Security program has significant effects on rural communities because of the general aging of their populations. Pension security has had an important impact on the level of poverty among the elderly (especially women) and to their ability to maintain an adequate lifestyle. The program provides a source of income that contributes both directly and indirectly to the rural economy: directly through consumption and indirectly by facilitating informal exchange and supporting community care.

Both Parry Sound and Notre Dame Bay benefit from this program. In the former it most likely

⁴⁷ For example, employers have a local labour force which is kept local via employment insurance payments and the employers only have to pay them for the few weeks that they work for the company.

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increases the social capital and capacity within the region and in the latter it minimizes some of the most serious effects of the economic crisis.

Public regional and local development initiatives

The Parry Sound District and Notre Dame Bay Region are among regions in Canada designated as economically disadvantaged.⁴⁸ They are thus eligible, along with the rest of Canada, for federal regional and local economic development funding and policies.

In the case of the Parry Sound District, these public initiatives are co-ordinated by the Federal Economic Development Initiative in Northern Ontario (FEDNOR), which is the regional agency responsible for the Parry Sound Area Community Business and Development Centre. In the case of the Notre Dame Bay Region, public initiatives are co-ordinated by the Atlantic Canada Opportunities Agency (ACOA). ACOA also supports the Emerald Zone Economic Development Corporation in the western part of Notre Dame Bay and the Kittiwake Economic Development Corporation for the eastern part.

Regional economic development initiatives include the co-ordination and application of a set of several measures and programs in each of the two regions. National and regional in structure, the initiatives are highly decentralized in their philosophy of application and are also based on partnerships with communities. As a result, they are used less to ‘import’ projects than to establish a framework for generating local projects and activities and to support existing ones. Essentially, the mandate of the regional agencies can be summarized as improving the economies of various communities by fostering the establishment of businesses and the creation of job opportunities. They are also mandated to encourage capacity building, local activities, and provide local input to provincial and federal programs.

These programs stimulate development in each of the two regions, because they provide the necessary means for consolidation of growing economic sectors and the expansion of alternative economic sectors of regions in decline. In the Notre Dame Bay Region, for example, substantial aid provided support for local initiatives. In particular, aid supported the development of recreational tourism projects and some industrial conversions that were presented as economic alternatives to the decline of the traditional resource economy. In the Parry Sound District, through a funding partnership with FEDNOR, Seguin has undertaken a process to develop a waterfront plan that includes commercial as well as recreational and cultural components.

⁴⁸ The designation of Parry Sound District as ‘leading’ for purposes of the OECD classification is a reflection of its relatively high **increase** in employment from 1986 to 1996 – in spite of its relatively low levels of employment.

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Atlantic Groundfish Strategy for Notre Dame Bay Region

The 1992 cod moratorium was, for Notre Dame Bay Region, a radical measure with significant consequences. It dealt a fatal blow in a fisheries crisis that was becoming increasingly severe with the depletion of the resource, already quite advanced in the mid-1980s.

Massive injections of public funds, other than traditional Employment Insurance funds, were provided, starting in 1992-93 in the context of the cod crisis by TAGS (The Atlantic Groundfish Strategy) and followed by a series of other programs designed to facilitate transitions in the fishing industry (e.g. Fisheries Restructuring and Alternative Measures Agreement - FRAM). The TAGS program, available to many areas in the Atlantic provinces and Quebec, took the form of various transfer payments: special allowances to fishers, financial assistance, and special programs for occupational training and career transition, particularly for former fishers and fish plant workers. Billions of dollars were directly injected in the province but, for many, did not seem to have any real long-term positive effect. Debate continues about the actual long-term effects (positive and negative) of these public interventions. The only emerging consensus is that the results have generated less economic growth than had been hoped for.

Other development projects:

In the Parry Sound District:

Infrastructure projects to improve highways, particularly major upgrading of Highway 69, which connects the southwestern part of the census division to Barrie and Toronto. This has a significant impact since it increases the region's accessibility to urban tourists and vacationers,⁴⁹ and

Movements to amalgamate a number of municipalities, including Seguin. In the case of Seguin, this was chosen as an option for the community under the threat of provincial government intervention.

In the Notre Dame Bay Region:

The construction of an access road to Lewisporte from the Trans Canada Highway was a major infrastructure project for this community.

In summary, the national policies and programs have had different effects in the two regions, largely because of local circumstances related to the resource industries and location. In both cases, top-down programs have been somewhat responsive to local conditions. In the Notre Dame Region, they provided adjustment funding for the fishing industry, and in the Parry Sound Region, they support the more cyclical nature of the resource industries. At the same time,

⁴⁹ The importance of the highway is reinforced by the differences between the southwestern and eastern parts of the Parry Sound Region. It is difficult to travel between the two parts since the highway systems are rather separate. This has created conditions where trade, coordination, and networking between them is reduced.

bottom-up action has been facilitated in both regions, by programs directed to business and community developments – primarily in the tourist industry. Local conditions related to the natural resource industries and location have meant that these programs have largely provided remedial support in the Notre Dame Bay Region to date, however, while they have been able to more effectively generate employment growth in Parry Sound.

Question 6: Where applicable, provide additional information on positive outcomes in the following areas: the contribution of institutional innovation, networks, and partnerships; economic development based on endogenous resources, e.g., amenity-based; economic development based on information and communication technologies; Instances of rural-urban partnership and cross-border initiatives involving rural areas.

The Status and Trends analysis suggests that four elements are central to conditions in the Notre Dame Bay and Parry Sound regions: the state of natural resources and amenities; the distance to large population centres; government policies and programs; and the social capacity of the local population. Of the four, the last is the most difficult to measure and the least understood in terms of its dynamics. It is unclear, for example:

to what extent economic performance differences in the two regions are influenced by local response to economic stresses;

whether the differences between the eastern and southwestern parts of Parry Sound are due to different levels of capacity; and

whether the relatively late establishment of programs in the Notre Dame Bay Region is a reflection of diminished capacity. This situation is exacerbated by the fact that the results of the Notre Dame initiatives are yet to be seen.

One thing is clear, however: the fate of these regions is not dependent on one or even two of these four elements, but on complex interactions between them. We suspect, for example, that a program such as Employment Insurance plays a very different role for those in Parry Sound than in Notre Dame Bay. In the former, it can be understood as a means to reduce the uncertainty of seasonal work and maintain human and social capital for the next cycle of growth. In Notre Dame Bay, it supports small businesses and workers in a fragile economy. Other research suggests it helps to maintain the economic, institutional, and social infrastructure by preserving networks and facilitating movement between the formal and informal economies. The maintenance of this infrastructure is a key ingredient in the capacity for local populations to respond to new opportunities. Rebuilding this infrastructure once it disappears is likely to be much more difficult than maintaining it through hard times.

Networks and partnerships are important aspects of local capacity in both of the sites, especially with respect to voluntary associations. Business, service, recreation, religious, and social support groups are an important component in both regions. These organizations operate to provide information, build trust, and increase the social capacity of the regions - all essential elements for economic development. Other research shows that there is considerable frustration felt, however, over the problem of membership (recruitment and burn-out) and finances (finding and meeting

the criteria of funding sources). Much of this stems from the problems these organizations face when dealing with governments.

More general analysis shows that there is relatively weak mutual support between business enterprises and the communities in which they operate.⁵⁰ In lagging communities, business people often provide support to local groups, but the amount available is usually small due to the economic conditions. Community members, on the other hand appreciate the efforts made by those businesses that contribute.

The role of modern communication technology is similarly equivocal. Both communities have access to the Internet but it is not always at a level adequate for business (especially in the Notre Dame Bay Region), and the extent of use varies considerably. There is some indication that the greatest use is made by younger people, for example. Among businesspeople, the primary uses appear to be more for communication between businesses than for e-commerce objectives.⁵¹

Most of the institutional, partnership, and networking aspects of economic development are under-researched at this point in time. The material available suggests it is likely to make considerable difference to the extent and direction of that development. Local capacity appears to be reasonably high in both sites, providing the basis for tourism initiatives and social support in both places. However, the natural endowments and geographical location of the regions has made the task considerably different in each site. It is the interrelationship between these elements that requires a deeper analysis. Additional case studies are central to this objective.

Summary Table - Factors of Growth in the Parry Sound District

Three most important factors (general and specific):

Endogenous resources	(natural amenities)
Settlement pattern	(proximity of major metropolitan areas)
Image/reputation of the region	(cottage life and ecotourism, image of the region)

Important but not so fundamental factors:

Infrastructure endowments	(accessibility by highway network)
Regional identity	(common vision of the area's vocation)
Information technologies	(Internet to promote tourism and resort services)

Other factors:

⁵⁰ The number of cases in the 2 study sites is too small to generalize to those sites. These findings are therefore a reflection of the information from 20 small rural communities throughout Canada.

⁵¹ This generalization is based on general survey analysis rather than on the 2 case studies alone.

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Policy intervention	(FEDNOR)
Institutional innovation	(institutions important, but few innovations)
Social capital	(strong 3 rd sector)

Two least important factors:

Human resources	(education low, pockets of high income)
Production cost advantages	(few)

Summary Table - Factors of Growth in the Notre Dame Bay Region

Two most important factors in decline (general and specific):

Endogenous resources	(dependence on extractable resources in crisis)
Settlement pattern	(peripheral character, distance from major metropolitan areas)

Other factors in decline:

Infrastructure endowment	(secondary highway network off the Trans-Canada Highway)
Human resources	(labour force - specialized, but in limited sectors)

Important factors of growth, but inadequate to reverse the trend

Policy intervention	(ACOA, economic renewal programs and assistance)
Institutional innovation	(institutions important, but few innovations)
Production cost advantages	(low wages)
Human Resources	(leadership development)
Social capital	(strong 3 rd sector, community capacity development)
Regional identity	(strong local culture)

Two least important factors of growth:

Image/reputation of the region	(positive)
Cross-border interactions	(few)

Policy Implications

This exercise makes clear the difficulties inherent in an exogenous-endogenous perspective. The debates regarding the collapse of the cod fishery and the complex relationship between the tourism industry and its local amenities betray the roots of this distinction in economic modelling. At its basis, the identification of exogenous or endogenous depends on the model of economic behaviour chosen.

From a policy perspective, this debate may be moot. Rather than ask whether the factors are exogenous or endogenous, it is more useful to identify those things over which each level of governance has control, and to ask “What are the options available at each level?”, and “What are the consequences of the choices made?”. From this point of view, Parry Sound appears to have more local options than Notre Dame Bay – largely because its primary sector is intact and it has access to a larger population than Notre Dame Bay. The same type of support provided to Parry Sound, therefore, is likely to be more successful for employment growth outcomes, simply because the basic resources and location are more fertile at this time.

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On the other hand, the need for support in Notre Dame Bay may be much greater – and from a long term point of view, it may be more warranted. The potential of the region for new resources and new industries (perhaps not yet discovered or developed), the importance of the historical and cultural heritage, the maintenance of an existing social and institutional infrastructure may all justify a strategy of long term support, even if it appears remedial at this point in time. Ultimately, the issue becomes one of regional and national policy choices: Where do we put our effort and finances for the greatest advantage?

The research outlined in this report informs such a discussion by the following insights:

The factors of employment growth are complex. This means that the distinction between exogenous and endogenous factors is inadequate to represent the complexity among: natural resources and amenities, location, local social and institutional capacity, and government policies and programs. It is also susceptible to use for ideological purposes. The outcomes of general and regional programs are significantly affected by local conditions.

The same general programs may serve different and multiple functions under different material, social, and economic conditions.

The impacts of general policies and programs are also likely to vary over time – even in the same location.

Our knowledge and understanding of the social and institutional capacity is most in need of research attention. This includes paying attention to the institutional infrastructure, networks and partnerships, business and community relations, and communication technology.

Several policy implications are suggested by this analysis.

First, policies and programs should be responsive to local conditions. The same program is likely to have different functions for one location over another, and these functions may change with market, social, and environmental conditions. In Notre Dame Bay Region, for example, the Employment Insurance provided a form of remedial support during structural change, in Parry Sound it primarily provides income insurance for fluctuations in the resource sectors. There are no single program solutions.

Second, programs and policies must be able to take advantage of local social conditions as well as the traditional economic ones. The role of social capital and capacity is highlighted in this report. This capacity can be rooted in informal and non-economic networks and relations that are frequently overlooked as opportunities for economic development. Economic development programs must be fashioned to make them compatible with the objectives and structures of these types of groups so their strengths might be utilized. In both regions, cultural and social organizations provided crucial contributions to the growing tourist industries.

Third, communication and transportation infrastructure are important targets for support as the relative importance of natural resource industries declines and those oriented to tourism and recreation increase. This type of infrastructure contributes directly to increasing information flow and reducing transaction costs. In Parry Sound, access to fast, low cost Internet providers has provided crucial support for marketing tourism and recreation to nearby urban centres. The relatively slow speed of Internet access in Notre Dame Bay may act as a limitation to its use for the same purposes.

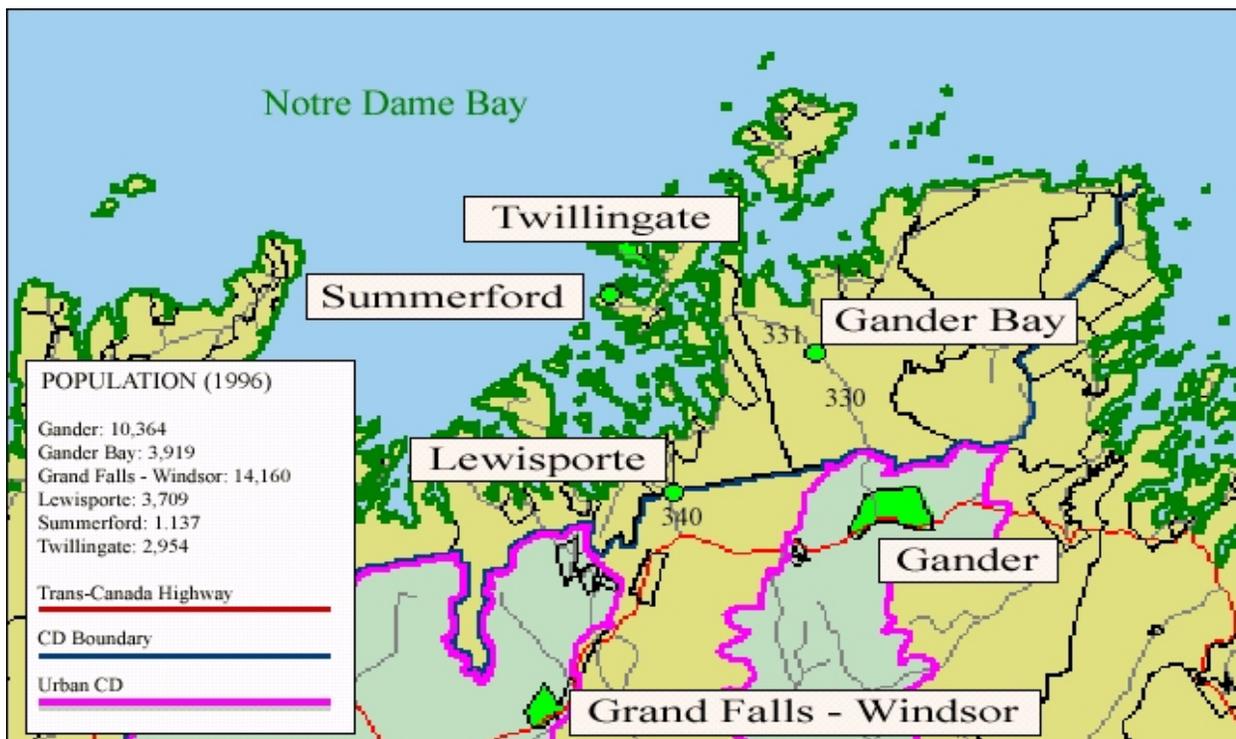
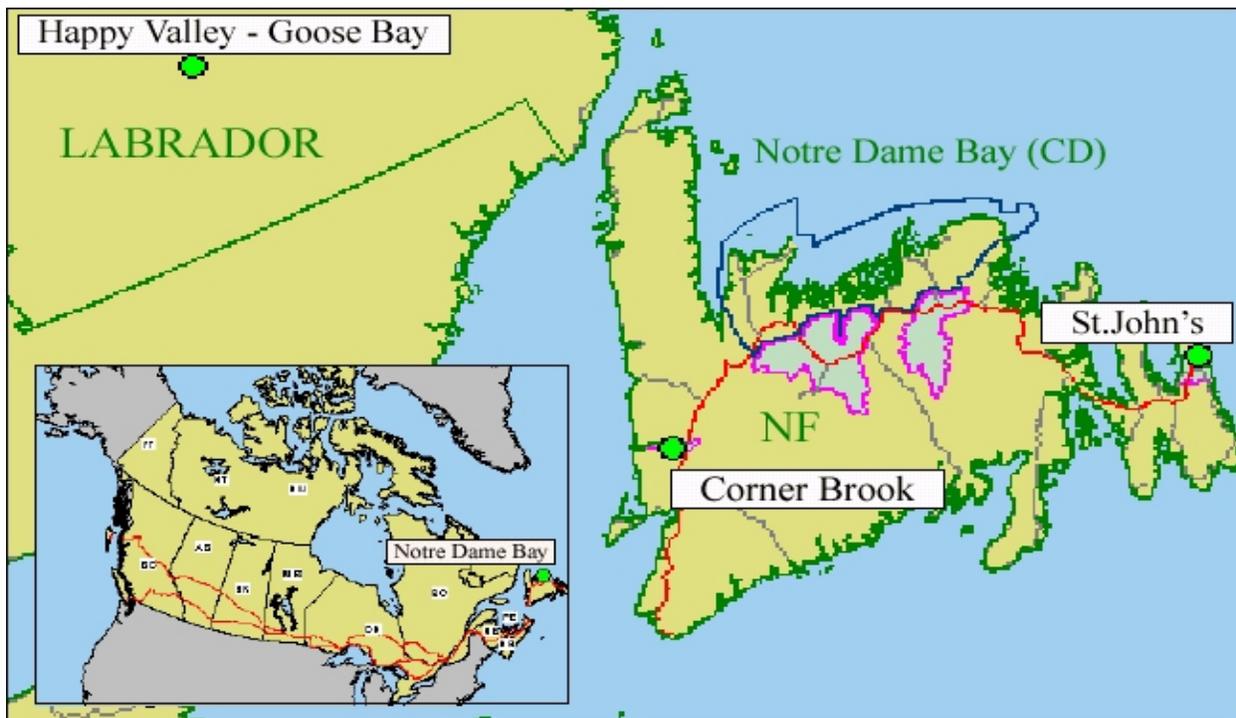
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Fourth, we need to develop economic and legal mechanisms for managing the amenity, environmental, and cultural values of our rural places and environment. At present, these are largely left to private market forces operating in a complex and often vague legal framework. The result has too often damaged the landscape, natural resource, and cultural heritage, with very little return to rural people. Much work investigating alternative forms of property identification and management, local governance, and trade are a necessary precursor to the creation of more appropriate and sustainable policies. The collapse of the fish stocks in Notre Dame Bay is the clearest example of environmental management problems that need attention. In the Parry Sound Region, conflicts over the development of natural landscapes are emerging as examples of amenity and cultural issues in need of reconsideration.

Fifth, we need additional research regarding the relationship between social organization and economic growth. This includes the exploration of both formal and informal associations and networks, business and community relations, and the conditions supporting local economic, social, and political capacity. Both regions have long traditions where local groups and voluntary associations play an important role in the economic and social conditions of the communities. We know they are crucial to the success of development policy, but we don't know why. We know they can be undermined by those same policies, but we don't know how to avoid it. These are things we need to learn.

Annex 1 and 2: Maps of the Two Canadian Regions

Factors of Employment Growth in Rural Regions: Canadian Case Studies
 Appendix 1: Notre Dame Bay, NF (CD)



Appendix 2: Parry Sound, ON (CD)

