

Structural Change in the Economic Base of the Maritime Provinces

W. Stephen Macdonald
Henson College of Public Affairs
and Continuing Education
Dalhousie University
Halifax, NS B3H 3J5

Several studies of urban growth, based on the 1971, 1981, and 1986 censuses of Canada, suggest that some fundamental changes have occurred in the economic structure of Canada's urban communities since the early 1970s. In particular, research carried out at the University of Toronto's Centre for Urban and Community Studies has aimed at documenting the differential growth rates in the various sectors of the national economy and the growth or decline of particular urban areas (Hooper et al. 1983; Simmons and Bourne 1989). These studies and others have pointed out very clearly that many urban areas have local economies that are highly specialized in a limited number of economic activities and therefore are very vulnerable to swings in the economic pendulum.

The growth or decline of the economy of a geographic area usually depends on the composition of employment growth by industrial sector—that is, growth or decline represents some mixture of the impacts of changes in its economic base, the relative shifts toward non-basic activities, and the ability of the labour force to provide the skilled workers required because of these structural changes. In terms of economic base, the primary industries and manufacturing have not been an important source of new growth for any of Canada's major metropolitan areas over the past two decades. Although net employment increased in Canada as a whole by a remarkable 4.5 million workers between 1970 and 1990, almost nine out of ten new jobs created were located in the services sector rather than in the goods-producing sector of the economy (Statistics Canada 1991: 173-182).

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Service activities are shared by regions and cities of all sizes, but not all areas have all activities. The number of service jobs grew everywhere between 1971 and 1986, but the largest (or higher-order) centres attracted most of the growth and the redistributed population (Hooper et al. 1983; Simmons and Bourne 1989).

This research note will determine what changes occurred in the economy of the Maritime provinces between 1971 and 1986. It appears that major structural changes took place then and that the future growth and development of the area will differ from that experienced in the past. This note will further examine the changes that have occurred in the economic bases of the labour force economic regions of the Maritime provinces. One strength of using a labour market region approach in economic base area delimitation lies in its general adaptability to all types of communities and bases. Moreover, its statistical requirements usually can be met by data published by Statistics Canada (Andrews 1960: 126-128).

Economic Base Studies

The economic base model is probably the oldest model developed for regional economic analyses and forecasting. Despite the fact that this model meets the age requirement for old-age security benefits, the relative ease of its development for a region, province, subprovincial area, or local community has allowed it to remain a valuable tool in an age enamoured with complicated and costly econometric models or input-output tables.

While an economic base study can be either very simple or very complex, even a fairly simple model can be a useful starting point for examination of a regional or local economy by providing a better understanding of the current sources of employment and income in a community. It can reveal those industries that provide the dynamics for change in a local economy, as well as point out weaknesses in the industrial structure. It can be used as well to examine both the industrial diversification and industrial specialization within an economy. If different time periods are examined, a base study also can reveal changes in the industrial structure of a community or region.

Economic base models divide the economy under study into two distinct sectors. The first sector consists of those basic activities that provide the income and employment on which the second, non-basic sector of activities depends. Basic activities inject funds into the region from outside; non-basic or residentiary activities depend on the re-spending of funds within the region.

This approach emphasizes the role of external demand as the main determinant of regional or local economic performance. In its simplest form, the economic base model is restricted to examining a region's exports. Usually, exports are the major factor in the economic base, and the demand for exports is an important determinant of the level of income in the short run and of economic growth in the long run (North 1955). But, while residentiary activities do not result in the injection of new funds into a region's income stream, they still are of vital importance. The more goods and services a region can supply for itself, the smaller will be the leakage of income to other regions. Some regional practitioners would even argue that import substitution has a greater effect on regional income than export stimulation because of a higher local multiplier (Pratt 1965). Some variations of the model also can look at the long run. By transferring sectors out of the exogenous into the endogenous block, the model is progressively turned into a longer-run model (Richardson 1978: 12; Tiebout 1962: 77-82). Over the longer term, import substitution can be accommodated by this method.

But in a market economy based on substantial product specialization and trade among its regions to achieve higher levels of income than would be possible without such a situation, all regions will have leakages. Imports have to be paid for, however, and this is usually accomplished by increasing exports—that is, a region continues to grow by increasing the inflow of payments rather than by reducing outflows through leakages. The ability to export is vitally important if a region is to grow beyond some low level.

Economic base theorists also recognize the roles that net factor payments, transfer payments, and government expenditures from outside of the region can play in stimulating economic growth and increasing regional per capita incomes. In other words, the economic base model should not be considered a narrow export base model. Rather, it is a member of "a general class of models based on the division of the economy into endogenous and exogenous sectors" (Richardson 1978: 12).

The Location Quotient

The location quotient (LQ) is one of the most frequently used methods for measuring the extent of the export base of an area or region. It is used as an index of specialization that compares the spatial concentration of a given sector in a given region with that same sector's level of concentration in a benchmark area or region. The unit of measurement in this study is employment in a selected industrial sector, which

is related to total employment in all industrial sectors at the national level or at the level of the Maritime provinces.

If LQ is greater than one, the economic region is more specialized in the sector than the benchmark area (such as Canada or the Maritime provinces). Such a location quotient also indicates that the selected sector in the region is export oriented and should be considered a basic activity.

If LQ is less than one, the region is less specialized in the sector than the benchmark area. The sector's product is being imported into the region from some other area.

If LQ equals one, the region and the benchmark area are specialized to the same degree in the sector. It also means that the region is producing enough output of the selected sector to be self-sufficient.

Using Canada as a benchmark, it is assumed that Canada is self-sufficient in each of the industrial activities. While some of the area's export markets may be national or worldwide in scope, other export markets may be regional. Using the Maritime provinces as a benchmark, it is assumed that these provinces would be the market for most of the exports of the economic area—that is, if the LQ using Canada as a benchmark is greater than that using the Maritimes as a benchmark, the region exports primarily outside of the Maritimes. If the LQ using the Maritimes as a benchmark is greater than that using Canada as a reference, the market area is primarily the Maritimes (Coffey et al. 1983). Although the location quotient methodology is a fairly crude technique, it is useful in providing a broad-brush approach, particularly when employment data are not available for most subprovincial regions at low levels of industrial aggregation.

The Changing Industrial Structure of the Maritime Provinces

As noted above, most of the net employment growth in Canada over the past two decades has occurred in the services sector of the economy. According to Table 1, each of the Maritime provinces and all of their economic regions have seen a shift from concentration of employment in the primary, manufacturing, and construction industries (the goods-producing sector) toward the trade; finance, insurance, and real estate (FIRE); and community, business, and personal services industries (the services-producing sector). This shift follows, in a general way, the shift that occurred for Canada as a whole over the period 1971-1986.

Simmons and Bourne (1989) have suggested that the complete dominance of the services sector (which they define as "non-basic activities", only the goods-producing sector being defined as "basic" activities) means that the new jobs that have been created in Canada,

particularly between 1981 and 1986, are largely a *reflection* of growth rather than a *determinant* of that growth. For example, the rapid growth of the Alberta economy in the 1970s generated far more jobs in the public and private services sector than in the energy sector. Similarly, the boom in Ontario following the recession was less evident in the growth of manufacturing jobs than in the expansion of high-order services such as distribution services, marketing, and legal and other professional services. They interpret this to mean that the key determinant of future regional growth may be the ability to attract the service activities that depend on an economic base that by itself may generate very few jobs and, in fact, may be downsizing. They point out that those cities whose economies were specialized in services over the period grew the most rapidly (Simmons and Bourne 1989: 55).

An examination of census data for 1971 and 1986 reveals that the more urbanized economic regions of the Maritimes, which are all more specialized in services than Canada as a whole, also grew more rapidly than the rest of the economic regions between 1971 and 1986 (Table 1). The Halifax, Moncton, Fredericton, and Saint John regions, which accounted for about 40 percent of the total population of the Maritimes in 1971, accounted for about 60 percent of total population growth between 1971 and 1986.

Similarly, a study of the relationship between population growth and the industrial structure of small towns in the Maritimes over the period 1971-1981 suggests that a moderately high concentration of employment in the services industries has been conducive to population growth. The opposite was the case for employment concentration in the goods sector, particularly manufacturing (DeBenedetti and Price). Despite these findings, DeBenedetti and Price (no date) concluded that the services sector has not been acting as an engine of growth. While growth in services is seen as necessary, it is not a sufficient condition for the growth of small-town populations.

The Economic Bases of the Maritime Economic Regions: 1971 and 1986

Location quotients, using total workers in Canada in all industries as a benchmark, are provided in Tables 2 and 3 for each of the Maritime economic regions for 1971 and 1986. Despite the shift toward services, it is evident that there is still a heavy dependence on the primary sector for employment in all but the urban areas of the Maritime provinces. The lack of a strong manufacturing base is very noticeable, with only southwestern and northeastern Nova Scotia and Chaleur

TABLE 1 Goods and Services Shares of the Total Labour Forces in the Maritime Provinces by Economic Region, 1971 and 1986 (percent)

	1971		1986	
	Goods	Services	Goods	Services
Nova Scotia	32	68	27	73
Cape Breton	37	67	31	69
Northeast	42	58	36	64
Annapolis Valley	36	64	33	67
Southwest	46	54	43	57
Halifax	17	83	15	85
New Brunswick	34	66	30	70
Chaleur	45	55	38	62
Moncton	28	72	25	75
Saint John	32	68	28	72
Fredericton	25	75	21	79
Edmundston	45	55	39	61
Prince Edward Island	39	61	33	67
All Maritime provinces	33	67	29	71
Canada	37	63	30	70

Source: Statistics Canada. 1973. *1971 Census of Canada, Volume III (Part: 4), Economic Characteristics, Labour Force: Industries*. Ottawa: Information Canada. Statistics Canada. 1988. *1986 Census of Canada, Census Divisions and Subdivisions Profiles [by Province]: Part 2*. Cat. Nos. 94-104, 94-106, 94-108. Ottawa: Supply and Services Canada.

Note: All percentages are rounded.

and Edmundston in New Brunswick exhibiting much specialization in manufacturing. Exports in this sector are based primarily on fish processing, agricultural products, or lumber, although the impact of the Michelin Tire Company in Nova Scotia is obvious. With their concentration of employment in transportation, communications, utilities, and trade (wholesale and retail), Moncton and Saint John have the characteristics of cities dependent on regional transportation and distribution. Halifax and Fredericton are readily identifiable as government seats, with a heavy concentration of employment in the public administration and defence sector. It is worth noting that Fredericton has a higher location quotient in this sector than Halifax and thus a greater relative dependence on government employment than Halifax. Every region, with the exception of Halifax, lacks concentration in finance, insurance, and real estate. Halifax, in fact, doubled its employment in absolute terms in this sector between 1971 and 1986. The community, business, and personal services sector also has doubled in absolute terms over the same period in Halifax, while that area's dependence on public administration and defence has been reduced. Finally, the presence of armed forces bases in the Annapolis Valley, Chaleur, and Prince Edward Island is apparent. The latter two bases were still operating in 1986 but were slated to be shut down.

TABLE 2 Location Quotients by Sector: Nova Scotia Economic Regions, 1971 and 1986 (using Canada as benchmark)

	Cape Breton	Northeast	Annapolis Valley	Southwest	Halifax
<i>1971</i>					
Primary	1.59	1.16	1.46	1.44	0.15
Manufacturing	0.89	1.00	0.60	1.15	0.44
Construction	0.54	1.50	1.43	1.22	0.94
TCU	1.31	1.17	0.87	0.93	1.10
Trade	1.03	0.78	0.96	1.00	1.05
FIRE	0.51	0.62	0.53	0.42	1.11
CBP	0.99	0.97	0.88	0.79	1.11
PAD	0.94	0.94	2.06	0.91	2.67
<i>1986</i>					
Primary	1.79	1.53	1.57	1.90	0.26
Manufacturing	0.67	1.06	0.72	1.36	0.40
Construction	1.17	1.14	1.59	1.14	1.10
TCU	1.03	0.92	0.84	0.70	1.14
Trade	1.03	1.08	0.97	1.02	1.06
FIRE	0.54	0.50	0.61	0.48	1.20
CBP	1.02	0.91	0.82	0.77	1.07
PAD	1.12	0.95	1.91	0.88	2.22

Source: Statistics Canada. 1973. *1971 Census of Canada, Volume III (Part: 4), Economic Characteristics, Labour Force: Industries*. Ottawa: Information Canada. Statistics Canada. 1988. *1986 Census of Canada, Census Divisions and Subdivisions Profiles [by Province]: Part 2*. Cat. Nos. 94-104, 94-106, 94-108. Ottawa: Supply and Services Canada.

Note: TCU = transportation, communications, and utilities; FIRE = finance, insurance, and real estate; CBP = community, business, and personal services; PAD = public administration and defence.

Services Industries of the Maritime Economic Regions: 1986

Based on the 1986 census, which breaks down the services sector by economic region, Tables 4 and 5 provide location quotients for the Maritime regions using Canada and the Maritimes as benchmarks. As noted above, when Canada is used as a benchmark, it is assumed that Canada is self-sufficient in all of the industrial sectors. When the Maritimes are used as a benchmark, it is assumed that the Maritimes would be the market area for most of the exports from an economic region.

In the finance/insurance and real estate/insurance sectors of Table 4 (benchmark, Canada), only the Halifax region has a location quotient greater than one. Halifax is also nearly self-sufficient in the business services sector, where all the other regions have very low levels of concentration.

When the Maritime provinces are used as a benchmark, the picture changes somewhat. The location quotients for FIRE and the

TABLE 3 Location Quotients by Sector: Prince Edward Island and New Brunswick Economic Regions, 1971 and 1986 (using Canada as benchmark)

	PEI	New Brunswick				
		Chaleur	Moncton	Saint John	Fredericton	Edmundston
<i>1971</i>						
Primary	2.29	1.69	0.53	0.58	0.82	1.96
Manufacturing	0.50	0.99	0.72	0.92	0.49	0.99
Construction	1.06	1.24	1.12	1.07	1.03	0.93
TCU	0.94	0.88	1.85	1.42	1.12	1.11
Trade	0.94	0.86	1.25	1.13	0.98	0.88
FIRE	0.49	0.40	0.76	0.89	0.60	0.42
CBP	0.94	0.89	0.96	1.01	0.92	0.93
PAD	1.49	1.11	1.05	0.94	2.90	0.69
<i>1986</i>						
Primary	2.38	1.82	0.69	0.79	1.04	2.18
Manufacturing	0.61	1.06	0.74	0.93	0.43	1.10
Construction	1.14	1.29	1.17	1.17	1.03	1.00
TCU	0.92	0.69	1.55	1.38	0.99	0.97
Trade	0.85	0.94	1.15	1.07	0.92	0.95
FIRE	0.52	0.48	0.85	0.83	0.59	0.54
CBP	0.93	0.91	0.97	1.00	0.98	0.88
PAD	1.60	1.12	1.09	0.82	2.81	0.75

Source: Statistics Canada. 1973. *1971 Census of Canada, Volume III (Part: 4), Economic Characteristics, Labour Force: Industries*. Ottawa: Information Canada. Statistics Canada. 1988. *1986 Census of Canada, Census Divisions and Subdivisions Profiles [by Province]: Part 2*. Cat. Nos. 94-104, 94-106, 94-108. Ottawa: Supply and Services Canada.

Note: TCU = transportation, communications, and utilities; FIRE = finance, insurance, and real estate; CBP = community, business, and personal services; PAD = public administration and defence.

business services sectors are still largest for the Halifax region, which appears to dominate the province of Nova Scotia. In Table 5, the location quotients for FIRE in Moncton and Saint John in New Brunswick are greater than one, as are those for the business services sector in the Saint John and Fredericton regions. The location quotients for Prince Edward Island remain relatively low.

Using either Canada or the Maritimes as a benchmark, the Halifax region appears to have attained self-sufficiency in nearly all of the services industries sectors, indicating the region's function as a regional services centre for the Maritime provinces. It also reflects the greater diversification that the economy of the Halifax-Dartmouth metropolitan area has achieved since the 1960s, when the labour force was much more dependent on the federal government's public administration and defence sector for employment.

When Canada is used as a benchmark, Moncton and Saint John in New Brunswick appear to be performing their traditional roles as distribution centres and Fredericton its role as a government centre. But

TABLE 4 Services Sector Location Quotients: Nova Scotia Economic Regions, 1986

	Cape Breton	North-east	Annapolis Valley	South-west	Halifax
<i>Benchmark Canada</i>					
Transport/storage	1.07	0.98	0.98	0.67	1.04
Comm./utilities	0.94	0.82	0.64	0.73	1.24
Wholesale trade	0.64	0.77	0.81	0.72	0.98
Finance/insurance	0.49	0.46	0.54	0.49	1.16
Real estate/insurance agent	0.56	0.50	0.72	0.44	1.22
Business services	0.34	0.40	0.38	0.32	0.98
Retail trade	1.11	1.12	0.97	1.08	1.03
Accomm./food/bev.	1.03	0.95	0.72	0.83	0.95
Other services	1.08	0.89	0.76	0.82	0.95
Health/soc. services	1.12	0.90	0.90	0.77	1.14
Educ. services	1.12	1.09	1.07	0.88	1.16
Gov't. services	1.10	0.93	1.20	0.84	1.73
<i>Benchmark Maritimes</i>					
Transport/storage	0.96	0.88	0.88	0.60	0.94
Comm./utilities	0.97	0.84	0.66	0.75	1.28
Wholesale trade	0.73	0.88	0.93	0.83	1.12
Finance/insurance	0.67	0.63	0.74	0.67	1.59
Real estate/insurance agent	0.71	0.64	0.93	0.57	1.57
Business services	0.59	0.70	0.67	0.56	1.70
Retail trade	1.06	1.07	0.93	1.03	0.99
Accomm./food/bev.	1.05	0.97	0.73	0.84	0.97
Other services	1.11	0.92	0.78	0.84	0.98
Health/soc. services	1.07	0.86	0.86	0.74	1.09
Educ. services	1.04	1.01	1.00	0.82	1.08
Gov't. services	0.84	0.71	0.91	0.64	1.32

Source: Statistics Canada. 1989. *Labour Force Survey—Economic Regions, 1986 Census*. Cat. No. 71-535, No. 5. Ottawa: Supply and Services Canada.

using the Maritimes as a reference, the three cities appear to be providing business and community services to their more limited hinterlands as well.

Service Industries and Regional Development

Although Simmons and Bourne (1989) and some other proponents of the traditional economic base model still argue that goods-producing activities are a prerequisite for strong growth in the services sector, the growing literature suggests that the services sector has the potential to stimulate economic development in lagging or peripheral regions. Hansen (1990), who cites a number of these studies, states that in an increasingly information-oriented economy, producer services play a particularly important role in expanding the division of labour,

TABLE 5 Services Sector Location Quotients: Prince Edward Island and New Brunswick Economic Regions, 1986

	PEI	New Brunswick				
		Chaleur	Moncton	Saint John	Fredericton	Edmundston
<i>Benchmark Canada</i>						
Transport/storage	1.07	0.71	2.07	1.22	0.78	1.20
Comm./utilities	0.70	0.64	0.79	1.55	1.24	0.64
Wholesale trade	0.81	0.60	1.28	1.02	0.85	0.55
Finance/insurance	0.49	0.51	0.86	0.76	0.57	0.54
Real estate/insurance agent	0.61	0.33	0.78	0.94	0.61	0.50
Business services	0.43	0.30	0.55	0.68	0.72	0.30
Retail trade	0.88	1.02	1.05	1.03	0.91	1.05
Accomm./food/bev.	1.15	0.88	1.02	0.98	0.95	1.02
Other services	0.98	0.97	1.05	0.97	1.02	0.82
Health/soc. services	0.99	1.10	0.96	1.20	0.83	1.05
Educ. services	0.97	0.99	1.01	0.87	1.22	0.88
Gov't. services	1.50	1.03	1.14	0.90	2.19	0.83
<i>Benchmark Maritimes</i>						
Transport/storage	0.96	0.64	1.86	1.10	0.70	1.08
Comm./utilities	0.72	0.66	0.81	1.59	1.28	0.66
Wholesale trade	0.93	0.68	1.46	1.17	0.98	0.63
Finance/insurance	0.67	0.70	1.19	1.04	0.78	0.74
Real estate/insurance agent	0.79	0.43	1.00	1.21	0.79	0.64
Business services	0.74	0.52	0.96	1.19	1.26	0.52
Retail trade	0.84	0.97	1.01	0.99	0.87	1.00
Accomm./food/bev.	1.17	0.89	1.03	1.00	0.97	1.03
Other services	1.02	1.00	1.08	1.00	1.05	0.84
Health/soc. services	0.94	1.05	0.92	1.15	0.80	1.00
Educ. services	0.90	0.92	0.94	0.81	1.14	0.82
Gov't. services	1.14	0.78	0.87	0.68	1.66	0.63

Source: Statistics Canada. 1989. *Labour Force Survey—Economic Regions, 1986 Census*. Cat. No. 71-535, No. 5. Ottawa: Supply and Services Canada.

thereby creating productivity increases throughout the economy. Regions that have a high density of producer services are likely to have higher per capita incomes than other regions (Hansen 1990: 465).

A recent major study by the Fraser Institute classified services in three categories for further examination of their growth and the implications of that growth (Grubel and Walker 1989). The somewhat surprising results of this analysis reveal that consumer and government services each produce approximately 20 percent of the gross domestic product, and producer services contribute 35 percent to total output. Producer services are not only the largest but also the fastest-growing component of the services sector.

According to Grubel and Walker (1989: 193-194, 260), the relatively large size of the producer services industries and their historic growth rates make them an important part of employment and value added—not only for the services sector but also for the economy as a whole. Producer services are significant contributors to the productivity growth of the Canadian economy because through them additions to “human knowledge” capital stock are integrated into the production process. Policies that encourage industries that use producer services will stimulate not only the demand for those services but also the growth of industries using them. Grubel and Walker conclude that regional development can benefit from policies that increase the growth of producer services and through them the productivity and competitiveness of the goods-producing sector.

The Institute for Research on Public Policy (IRPP) also has participated in research on the services sector of the Canadian economy. As part of this work, Coffey and McRae (1989) carried out an empirical examination of the period 1971-1981, which indicated that the rapid expansion of the service sector is being led by the fast-growing, but relatively small, categories of producer services, FIRE, and the larger personal or consumer services.

Coffey and McRae note that employment in the strategically important producer services and FIRE is disproportionately concentrated in Ontario. Moreover, in all provinces the largest absolute changes continue to be in the non-profit sector, particularly non-higher education teaching; medical services; consumer services, especially in the hotel and restaurant sector; and retail trade. The Atlantic provinces have increasing concentrations of FIRE, non-profit operations, and certain producer services, but they continue to lag behind other regions in the relative concentration of high-order services. For Canada as a whole, high-order services tend to be concentrated in the larger urban centres; residential services tend to follow the distribution of population.

According to Coffey and McRae (1989), the possibilities for the development of high-order services in non-metropolitan regions appear to be limited to producer services linked to local economic activities and to the local public sector, standardized services such as data processing, and specialized services dependent on local expertise.

The Economic Council of Canada (ECC) also has pointed out the trend toward the concentration in larger urban centres of what they call “dynamic” services because of the ready access to highly skilled labour, complementary activities, and the close proximity of other businesses in both the goods and services sectors (Economic Council of Canada 1990, 1991). Dynamic services consist of distribution-oriented activities, FIRE, and business services—basically the same producer

services identified by the Fraser Institute and IRPP. Continuing with the typology developed by the ECC, the traditional services subsector consists of retail trade; accommodation, food, and beverages; amusement and recreation; and personal services. The third subsector, non-market services, includes education, health, social services, and public administration. The ECC reiterates the above findings that not only is trade in dynamic services growing in importance but also these services "are becoming increasing critical ingredients in the production and distribution of goods" (Economic Council of Canada 1991: 9).

One of the principal conclusions arising from the council's research is that the successful exploitation of the synergy between goods and dynamic services is a key to growth in the emerging economy (Economic Council of Canada 1991: 15). A significant part of services sector growth derives from growth in the level of activity in the resource and manufacturing industries. Services, however—especially dynamic services, which provide many important inputs for the production of goods—are key factors in the performance of the goods industries.

A look at Tables 4 and 5 reveals that, like Canada as a whole, most of the "dynamic" services in the Maritime provinces are located in the major urban areas rather than in the more peripheral regions. Presumably, the same forces are at work locally as nationally, and firms are locating close to pools of specialized skills and complementary operations. Halifax, being the major urban concentration, is attracting a large proportion of the new dynamic business activity, and this is evident whether the benchmark used is the nation or the region. But this is not the whole story. Using the Maritime provinces as the benchmark suggests that Saint John, Moncton, and Fredericton are attracting more dynamic business and community services as well, which provide services for more limited market areas, primarily within the Maritimes.

Another major finding from the work of the ECC is that the rapid expansion of the services sector has resulted in a growing segmentation of the Canadian labour force in terms of earnings, skill content, job stability, and job location. Nearly all of the employment growth in the 1980s consisted of highly skilled, well-compensated, stable jobs, or non-standard jobs with low levels of compensation and stability, with the good jobs being located in major urban areas.

The most likely future employment prospects for local areas that are not highly urbanized would therefore seem to be, as noted by Coffey and McRae (1989), producer services linked to local private or public sector activities, "niche" services, or the more standardized services not requiring highly skilled workers.

It is evident from this limited analysis of structural change in the Maritime provinces that regional employment growth and develop-

ment are becoming more and more dependent on the abilities and skills of a well-educated and trained labour force, as opposed to simple reliance on the presence of an abundance of natural resources which can be transformed into goods for export or sold off as raw material inputs. The main lesson to be learned is that, just as in the other areas of Canada, economic regions able to offer specialized pools of skills will attract higher-order business activities; those that cannot will not.

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