

CANADIAN REGIONAL DECENTRALIZATION IN THE NEW GLOBAL CONTEXT: MYTH OR REALITY?*

Douglas Webster
Faculty of Environmental Design
The University of Calgary
Calgary, Alberta
T2N 1N4

Introduction

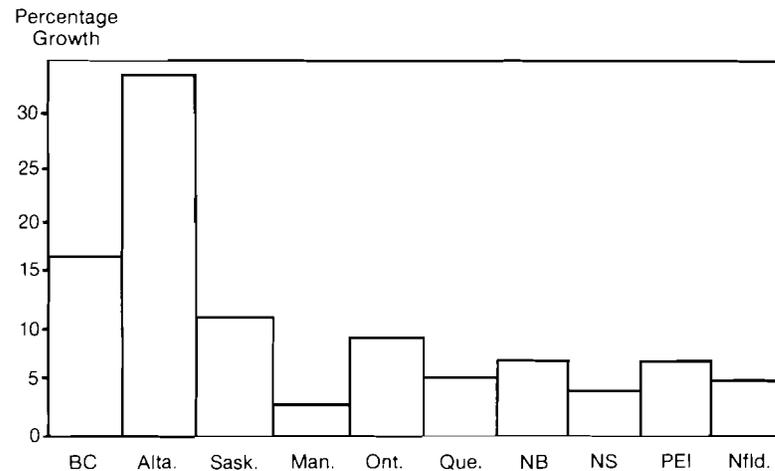
During the late 1970s and early 1980s there was considerable demographic and economic decentralization in Canada in terms of the periphery (non Ontario and Quebec) growing faster than Central Canada (Ontario and Quebec). This was particularly true in the case of Western Canada, but also true in pockets of Atlantic Canada such as the Halifax and St. John's areas. This relatively faster growth of the periphery can be measured in terms of economic growth, demographic growth, movement of head offices of corporations and so forth.

Figure 1 illustrates that during the period 1975-1983, British Columbia, Alberta, and Saskatchewan grew faster than Ontario demographically, and that New Brunswick and Prince Edward Island can be added to the list if Quebec is substituted for Ontario as the basis of comparison. In terms of the national share of economic growth, the period 1977 to 1982 saw a very large relative shift in economic activity to the West (British Columbia, Alberta, Saskatchewan, Manitoba). Based on Statistics Canada Gross Domestic Product (GDP) data,¹ the West's GDP as a percentage of Ontario's increased from 79.84 percent in 1977 to 92.32 percent in 1982. If Quebec is used as the basis of comparison, the

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¹Data used were from Statistics Canada, *Provincial Economic Accounts*, Report 13-213. These data are described as "experimental" by Statistics Canada.

West's GDP increased from 131.60 percent of Quebec's in 1977 to 150.81 percent in 1982. Finally, if Ontario plus Quebec are used as the basis of comparison, the respective figures are 49.69 percent and 57.27 percent. The shift is even more accentuated if Manitoba, which was relatively slow growing during the period of analysis, is removed from the West's GDP figures.



Source: *The Calgary Herald*, February 19, 1985. Based on Statistics Canada and The Conference Board of Canada data.

Figure 1
POPULATION GROWTH: 1975-1983

The shift of economic activity to Atlantic Canada (Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland) is less pronounced but still in evidence. For example, again using the same Statistics Canada data set, Atlantic Canada's GDP as a percentage of Ontario's increased from 14.89 percent in 1977 to 15.13 percent in 1982; using Quebec as the basis of comparison, the respective figures are 24.54 percent and 24.71 percent; using Ontario plus Quebec as the basis of comparison, the respective figures are 9.27 percent and 9.38 percent. There was less variability in economic growth rates among the Atlantic provinces during the period of analysis; however, if the slowest growing province in economic terms, New Brunswick, is removed from the Atlantic Canada data set, the slight shift of economic activity to Atlantic Canada is somewhat more pronounced.

The shift of head offices to peripheral Canada, particularly the West, is well known. High profile examples include the Bank of Montreal and Shell Canada. Much of the shift in economic power

was associated with the increased importance of the energy sector in the Canadian economy. The peripheral provinces tend to have a comparative advantage in terms of energy production; hence, when energy acquired new importance because of rapid increases in the cost of energy and because of scarcity concerns, the peripheral provinces of Canada benefited. During the late 1970s and early 1980s (1978-1982), for example, the economic growth rate in Ontario was consistently below the national average when computed on an annual basis. Because the provinces control resources and resource revenues under the British North American Act (and the new Canadian Constitution), the peripheral provinces also enjoyed considerable increases in public revenue and some increase in relative political clout [13;18].

As is common knowledge, the price of energy, particularly petroleum based energy, has been relatively steady over the last two years (in terms of nominal world prices) and has been falling in real terms. Most forecasters do not foresee any significant increases in the real price of energy during this century. This situation is resulting in structural changes in Canada that probably will work to the detriment of the peripheral provinces.

The goal of this paper is to look at the structural changes - most of them related to global changes - that are likely to occur in Canada until the year 2000 and to relate these changes to the question of regional decentralization. The hypothesis of the author is that, on balance, structural changes in Canada, as a result of international and domestic factors, will jeopardize "progress" that has occurred of late in terms of regional economic, demographic, and political decentralization in Canada.² The paper is structured around two themes; change processes and regions. The author briefly outlines changes that are likely to occur in Canada until the year 2000 and relates these changes to Canadian regions.

Structural Change in Canada

Recently there has been a flood of literature purporting to describe the future of North America, and more particularly the United States, in terms of socioeconomic change [5;11;16;12;7]. Applying the analysis found in these books to Canada does have some risks, but there is no doubt that most of the hypothesized trends will affect Canada over the next two decades. It is likely that these trends will impact Canada slightly later than the U.S. (particularly outside the major Canadian metropolitan regions),

²The use of the term "progress" obviously implies a value judgment. A policy analyst in Central Canada may not view the trends of the late 1970s and early 1980s as "progress".

and it is a fact that the Canadian socioeconomic system is more resource-oriented, structurally less diversified, and much smaller in scale than the U.S. system. Nevertheless, the general future described is likely to occur in a modified form in Canada. The authors of this futuristic literature foresee a North America with the following characteristics:

- Society will be more information oriented;
- The population will be older demographically;
- Aggregate population growth will be slow;
- Voluntary (and involuntary) simplicity movements will grow quickly;
- Energy prices will stabilize; and
- The secondary sector will decline in relative importance while the tertiary/quaternary sectors will increase in importance.

The Growth of the Service Sector

As in the U.S., the service sector in Canada has been growing very quickly at the expense (in relative terms) of other sectors. The service sector can be roughly divided into two components; personal services (its traditional base), and information services to firms, governments and households (largely development of knowledge and high technology). Although the latter has been well publicized of late, there is a tendency to ignore the former. Yet it is the former that will be the big job creator. For example, in the last decade there have been 2,000,000 jobs created in the restaurant business (primarily fast food) and 501,000 new registered nurses employed in the United States. By 1995, it is estimated that another 800,000 janitors will be required in the U.S. but only 53,000 computer technicians.³

The key locational factor affecting personal services jobs is the existence of large numbers of people. Hence, the growth of personal services employment in Canada will be primarily (in absolute terms) where the people are now, namely Ontario and Quebec.

When one turns to the high technology sector and looks at the locational determinants affecting it (namely, access to government research work and laboratories, access to specialized highly skilled

³The importance of personal services in recent employment creation in the United States is described by Fallows [4]. Fallows relies heavily on U.S. Bureau of Labour Statistics released in 1984.

labour, access to first-rate universities, and proximity to amenities - both bio-physical and man made) all of the factors, with the possible exception of amenities, favour Central Canada. The incredible growth of high technology industries in the Ottawa area, where high tech workers could outnumber civil servants by the early 1990s, is a prime example of this dynamic [15].

The Canadian government is likely to adopt a policy of establishing centres of excellence.⁴ With the exception of certain staples oriented centres (e.g., a marine centre in St. John's, an energy centre in Calgary), locational factors will favour Central Canada, particularly southern Ontario west of Toronto, and the Ottawa area.

Growth of the Neo-Staples Economy⁵

With the considerable "hoopla" concerning "high tech", many analysts have underestimated the value of resource development to the Canadian economy. Staples continue to dominate our exports; however, employment is declining in the primary resource sector, mainly because of very high rates of capital substitution both in agriculture and other primary sector activities. The main comparative advantage Canada would appear to possess in the high tech sector is in terms of applying high tech to resource industries.⁶ To some extent, this is already occurring. Petro-Canada is becoming a major actor in terms of international energy consulting; industries manufacturing modular structures for resource areas, rough

⁴The recent Macdonald Royal Commission on Development Prospects for Canada has raised the question of Centres of Excellence as a policy issue [14]. These Centres of Excellence would be "high tech" research and development centres in appropriate locations with a considerable degree of public funding.

⁵The term "neo-staples" refers to economic activity in the secondary and/or tertiary sectors linked to primary sector staples activity. The linkages can be either forward or backward. An example of neo-staples activity in the secondary sector would be manufacture of all-terrain vehicles for pipeline construction, or telecommunications equipment for northern resource development. An example of neo-staples activity in the tertiary sector would be consulting services in the area of forestry management and planning or rural development.

⁶In terms of primary production, Canada will probably continue to lose her world market share in many commodity sectors in the future. For example, trees can be grown much faster in warmer climates such as Brazil's and Georgia's (USA), than in Canada. Many of Canada's renewable resource industries, the forestry industry in particular, are operating remarkably close to sustained yield levels at present, so that output cannot be increased to any considerable degree. The problems facing forestry in Canada, and in Western Canada in particular, are described by McArthur [10].

terrain vehicles, and forestry and mining equipment are all doing well in Canada and have tremendous growth potential. Similarly, Canadian companies selling resource technology services to the world in fields such as agricultural consulting, remote sensing technology, rural development planning, forest management, and so on are also doing well, and the potential for growth (from a Canadian marketing perspective) is almost limitless. It is from this linked or neo-staples sector that considerable employment growth (and to a significant extent, income growth) will likely be derived. Locationally, the growth of such industries will not be confined to Central Canada. Rather, they will probably locate in key resource centres in resource regions: e.g., Calgary for land based and Arctic energy research and development; Halifax for offshore oil and other marine activity (supported by St. John's); and Vancouver for forestry. Second order centres will also likely emerge, such as Regina for potash. Of course, Central Canada will obtain its share of such industry, but its role will not be dominant.

The Atlantic to Pacific Swing

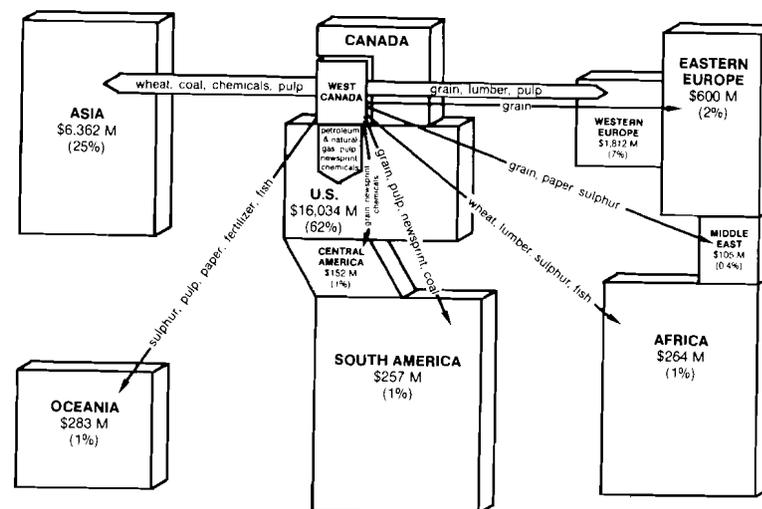
The United States is, of course, Canada's major trading partner, dominating Canada's export flows. However, among other trading partners, there has been an overwhelming swing towards Pacific Rim countries and away from Atlantic (European) countries [17]. A trend often overlooked, because of the tendency to use national data, is that an increasing percentage of Canadian trade with the United States is with the West and Southwest (sunbelt) and not with the formerly dominant New England, Mid-Atlantic, and Mid-West states.

Another factor of considerable importance is the pending return of Hong Kong to the People's Republic of China. (PRC). Although there have been assurances given by the PRC that the "capitalist" structure in Hong Kong will not be disturbed, the dominant mood in Hong Kong is one of fright and flight. Billions of dollars in capital are currently flowing into North America.⁷ Canada will receive a good share of this flow, largely because one can obtain landed immigrant status in Canada if one generates a certain level

⁷Although Hong Kong residents with capital are leaving Hong Kong, multinational firms have announced large investments in Hong Kong since the recent signing of the agreement with the U.K. to return Hong Kong to the PRC. The multinationals see Hong Kong as the new entrée to the vast Chinese market. Furthermore, since they have a geographically diversified base, they can afford to take the risk inherent in investing in Hong Kong this decade.

of investment and employment. Calgary, Edmonton and Vancouver have formed a partnership to attract this capital.⁸

Western Canada will undoubtedly attract more than its share of Asian investment and will continue to benefit by shipping an increasing share of its products to the Pacific Rim. Figure 2 indicates the already extremely important role that Asia plays in terms of Western Canadian exports. However, it is easy to overestimate the Western Canadian share of investment in and exports to Asia relative to Central Canada. Since World War II, Toronto has been the dominant destination of immigrants; hence, well established links exist between Asia and Toronto. Furthermore, in marginal terms, Toronto by air is not much more distant from Hong Kong, Singapore, or Jakarta than are Vancouver or Calgary. For example, in terms of Singapore, Toronto is only 4.5 hours more flying time after one has flown at least 16 hours from Singapore to Vancouver. The recent inauguration by Air Canada of direct Toronto-Bombay-Singapore air service has further reduced functional distances to Asia from Eastern Canada. Western Canada will continue to benefit from the growth of the Pacific Rim, but Central Canada will obtain its share of trade and investment.



Source: *The Calgary Herald*, November 3, 1984. Based on Statistics Canada data.

Figure 2
DESTINATIONS OF WESTERN CANADA'S EXPORTS, 1983
(\$ millions)

⁸There are problems with this three-city cooperative effort. Calgary's mayor announced recently that Calgary may attempt to "go it alone" in attracting Hong Kong capital.

The shift of economic activity and population to the West and Southwest in the United States will definitely work to the advantage of Western Canada. This advantage of a large relatively nearby market will be especially pronounced if the Canadian government negotiates a freer trade arrangement with the United States.

The Secondary Sector

Recent books (for example, *The Deindustrialization of America* [2]) have popularized the demise of "smokestack" industries in the United States, particularly in the Mid-West. For example, over thirty million jobs have been lost in "smokestack" industries in the United States in the last decade. However, the situation in Canada is not quite the same. Many of our "smokestack" industries, particularly iron and steel, are more efficient than their American equivalents. Other industries, in particular the automobile industry, have been aided by agreements between the U.S. and Canada that ensure Canadian access to a very large market.⁹ Furthermore, "the jury is still out" concerning whether Canada will continue to protect (and perhaps increasingly protect) its secondary sector through tariffs and other barriers to trade. The government will have to address this question as one of its priorities. If Canadian industry is protected from international competition (which at present is stiff, if not vicious, in the secondary sector), such a policy will (at least in the short run) aid Central Canada, which will continue to act as the foundry of Canada. Of course, if such a policy is not adopted, Central Canada's secondary sector will suffer; however, gains will accrue to the Canadian consumer, to manufacturers in other countries, and perhaps to manufacturers in Western Canada, who will then be able to access the rapidly growing Western U.S. market more easily. For example, Macmillan [9] in a recent study for the Canada West Foundation, estimates that the cost to consumers in Western Canada of the existing Canadian tariff barriers was close to \$1 billion in 1983.

⁹Canadian critics of the auto agreement with the U.S. have argued that although the agreement ensures more manufacturing employment in the auto industry in Canada at present than would otherwise be the case, it also results in auto industry employment in research and development, "high tech", etc. in Canada being limited. Since manufacturing employment is more vulnerable to being lost through technological change (robots) than is "high tech" employment, Canada may ultimately suffer from the auto agreement with the U.S.

The Amenity Factor

Much has been written about the importance of the amenity factor in terms of attracting in-migrants and firms to (and retaining people in) particularly livable regions [6]. This factor is undoubtedly at work in Canada, particularly in the "high tech", leisure, retirement, and information sectors. Many regions of Canada have amenity attractions. As a gross generalization, the periphery tends to have a comparative advantage in terms of the beauty of the rural environment: e.g., the mountains of Alberta and British Columbia, the European-like landscapes with their great variety in Nova Scotia and Prince Edward Island (PEI). By way of contrast, Central Canada's comparative advantage tends to lie in its settlements—both large and small. For example, the population in southern Ontario is decentralizing, in some cases to charming gentrified towns such as Elora, Alton and Caledon Hills in the Toronto area. However, urban environments in Central Canada are also often very appealing; e.g., old Montreal, Quebec City, parts of Toronto. The large size of Central Canadian metropolitan areas gives them a considerable advantage in terms of cultural and sports activities and facilities.

Although Vancouver, the Okanagan Valley, and Vancouver Island have benefited from amenity factors to a considerable degree, other parts of Western Canada have not taken full advantage of their potential. For example, the fastest growing area of the United States (in relative terms) is the Rocky Mountain area (particularly its rural component), yet the equivalent region in Canada, the foothills area west of Calgary, has not enjoyed similar growth based on amenity factors. Similarly, Nova Scotia and PEI, although beneficiaries of amenity based growth, have not taken advantage of amenity advantages to the extent that the U.S. equivalent of their region, the New England States, have.¹⁰

The periphery of Canada has much to offer in terms of amenity (with climate and awareness of benefits being the major drawbacks), but it has not capitalized on this factor to the extent that it could and should.¹¹ However, Central Canada has considerable amenity advantage as well, particularly associated with its older, more mature, and often more attractive and interesting settlements.

¹⁰The government of Nova Scotia, and to a lesser extent the government of New Brunswick, have extolled the amenity advantages of their provinces in recent economic development strategies.

¹¹Of course, there may be valid reasons why one should not pursue an amenity oriented developmental policy. The resulting growth may result in regional inflation, higher housing and land prices, social problems, and so on.

The Political Factor

Canadian decentralization in political terms was aided by the growth of the separatist movement in Quebec and, to a lesser extent, by Western political separatist movements, particularly in Alberta. Although the growth of the separatist movement in Quebec during the 1970s, at face value, resulted in out-migration of individuals, corporate head offices, and capital, the threat value of the movement did result in increased government spending in the province.¹² Similarly, in the West, where the threat was less serious and thus did not cause the direct outflows experienced in Quebec, the secondary impact was one of some increased political decentralization by the federal government and somewhat more spending in the region.

Both in the West and in Quebec, the regionally based separatist movements seem to be spent forces. In Quebec, with the lowest birthrate in the country, the francophone population continues to decline as a percentage of the nation's total. This trend is reducing Quebec's power base. The current polls which indicate that a Liberal government is probable in the near future in Quebec has further reduced the regionally based political threat. In Western Canada, the Western Canada Concept party has lost its lone seat in the Alberta legislature and, with energy being an increasingly lower profile issue in the country, and even in Alberta, the movement has lost much of its momentum.

These trends, along with the nominations of Messrs. Turner and Mulroney to head the Liberal and Conservative parties respectively (both of whom are from Central Canada) may have tended to lessen the power of the periphery politically.

The Demographic Factor

The birthrate in Canada, although starting to creep up again, is near the long-term replacement rate. Immigration is being cut significantly as a result of federal government policy. As a result, the population is aging rapidly and growing relatively slowly in aggregate terms.

This trend will further strengthen Central Canada, in that population thresholds in terms of market size or in terms of criti-

¹²Quebec is part of Central Canada according to the definition used in this paper. However, it is not as dominant as Ontario in terms of functions associated with national economic and political power. Thus, the growth of separatism in Quebec can be viewed as a threat to Central Canada's dominance.

cal human resource masses to support activities such as high tech will not be reached in the near future in the peripheral regions of Canada for many activities. Thus Central Canada will continue to enjoy its comparative advantage in terms of many types of activities based mainly on its high absolute level of population. If the fast overall demographic growth characteristic of post-World War II Canada had continued and the periphery had received close to its share of such growth, more decentralization of non-primary economic activity would have been more likely. In many marketing and secondary, tertiary, and quaternary activities, it is not relative population share of a region that is important, but absolute demographic size.

Of course, there are anomalies. Western Canada has a much younger population than Central and Atlantic Canada because of the heavy net migration to the West during the 1970s and early 1980s. (The majority of interprovincial movers tend to be young adults, see Table 1.) Thus there is a higher percentage of couples of child bearing age in the West than in the rest of Canada. Therefore, natural population growth during the next decade will probably be somewhat faster in Western Canada than in Central or Atlantic Canada. For example, the population of Calgary has remained relatively stable during the last two years (Calgary lost less than 1,000 people net during 1983) despite the economic recession that has hit that city, causing significant out-migration. The net loss in Calgary's population has been so low because of the large number of births in that city's young population.

The fact that Central Canada has a more aged population is not without its economic and political benefits. Older people are more likely to vote. In an affluent society such as Canada, older people are wealthier in terms of accumulated capital and often have considerable spending power. The services which an aging population demands will be first demanded in large amounts in Central Canada. As people age, an increasing percentage of their income is spent on services as opposed to goods. Thus the service industries that will serve the older segments of the population are likely to develop first in Central Canada.

Changing Values and Lifestyles

In terms of consumption, the dominant trend is toward purchasing fewer (in terms of quantity and bulk, not necessarily price), but higher quality material goods. This lifestyle, which has been called voluntary simplicity, results in a demand for more personal

Table 1
ANNUAL NET INTERPROVINCIAL MIGRANTS BY PROVINCE,
1961-62 to 1982-83*

Year	Nfld.	PEI	NS	NB	Que.	Ont.	Man.	Sask.	Alta.	BC	Yukon	NWT
1961-62 (ID)	-536	886	-2248	-3167	1659	4172	-343	-9970	7205	2155	88	119
1962-63 (ID)	-1686	-634	-4729	-5559	-504	12850	-850	-11268	4991	8320	-336	-595
1963-64 (ID)	-3424	-612	-5364	-6695	-5978	19505	-3527	-6386	-397	14287	-509	-900
1964-65 (ID)	-5028	-1601	-7728	-4699	-6130	24045	-6281	-5751	-4196	19229	-672	-1188
1965-66 (ID)	-4539	-1008	-7055	-5560	-8906	24797	-12470	-8719	-9586	33756	-257	-453
1961-66	-15213	-2969	-27124	-25680	-19859	85369	-23471	-42094	-1983	77747	-1706	-3017
1966-67 (ID)	-4435	-676	-5738	-5972	-14478	23593	-11312	-10027	-21	29748	-246	-478
1967-68 (ID)	-2193	-111	-1873	-1804	-15726	11806	-6575	-8447	7523	16849	221	430
1968-69 (ID)	-1279	-596	-1311	-3903	-18695	15284	-6146	-13193	8634	20228	332	645
1969-70 (ID)	-7733	-1602	-3649	-7499	-35841	52762	-9207	-25556	8922	27996	478	929
1970-71 (ID)	-3704	222	-3825	-421	-37996	47267	-7350	-24176	6905	20143	996	1939
1966-71	-19344	-2763	-16396	-19599	-122736	150712	-40690	-81399	32005	114964	1781	3465
1961-71	-34557	-5732	-43520	-45279	-142595	236081	-64161	-123493	30022	192711	75	448
1971-72 (ID)	910	290	-371	612	-20461	14080	-8311	-19207	3575	27044	630	1209
1972-73 (ID)	-537	923	4276	2077	-20072	960	-5770	-16164	5584	27333	481	929
1973-74 (ID)	-3316	502	1274	1448	-15135	-2886	-1596	-11604	2235	30496	-485	-933
1974-75 (ID)	495	1390	2233	6103	-9299	-29535	-6912	378	22576	11831	254	486
1975-76 (ID)	591	649	3895	6561	-12643	-21179	-4238	5845	24621	-4419	108	209
1971-76	-1857	3754	11307	16801	-77610	-38560	-26827	-40752	58571	92285	988	1900
1966-76	-21201	991	-5089	-2798	-200346	112152	-67517	-122151	90576	207249	2769	5365
1976-77 (ID)	-4149	154	-799	-82	-26366	-6402	-3531	3182	34710	5016	-400	-1333
1977-78 (ID)	-4311	700	-416	-1348	-46429	8510	-4674	-1719	32543	17576	281	-693
1978-79 (ID)	-3374	-74	-357	-1171	-30844	-4325	-10746	-2878	33425	22005	-643	-979
1979-80 (ID)	-3597	-358	-2732	-2761	-25976	-22362	-13864	-4493	41435	40164	-454	-992
1980-81 (ID)	-3552	-1251	-2838	-4989	-22841	-33247	-9403	-3808	44250	37854	313	-500
1976-81	-18983	-829	-7140	-10351	-156496	-57826	-42218	-5716	186364	122625	-933	-4497
1971-81	-20840	2925	4167	6450	-234106	-96386	-65045	-50468	244935	214910	55	-2597
1981-82 (PD)	-5693	-856	-1936	-2842	-25790	-5665	-2525	-323	36562	8705	81	382
1982-83 (PP)	1665	209	1428	2491	-22568	15112	389	2660	-3344	-3532	-1903	229

* From 1961-62 to 1975-76, see publication No. 91-208 first issue (July 1977). For 1976-77 to 1981-82, estimates were based on the taxation files of Revenue Canada. For 1982-83, estimates were based on Family Allowances file using Fj, k adjustment factors calculated from Revenue Canada tax files, 1981-82.

(ID) Final intercensal estimates.

(PD) Final postcensal estimates.

(PP) Preliminary postcensal estimates.

Source: Statistics Canada, *Postcensal Annual Estimates of Populations*, Report 91-210, p. 80.

services and less material goods.¹³ Any decrease in the demand for material goods (manufactured from commodity inputs) hurts the periphery in terms of staples production and Central Canada in terms of manufacturing activity. However, the redirected spending on services and experiential activity is very closely related to population distribution, benefiting the more populated regions of Canada, and in particular, Central Canada.

Of course, an increasingly serious problem in Canada is that more and more experientially directed income is being spent outside the country on trips to Hawaii and Las Vegas, safaris in East Africa, winters in Florida and Arizona, and so on.

It can be argued that the periphery should be able to attract some of this experientially directed income of Central Canadians; however, success to date has been limited. A major drawback is the climate. As their incomes increase, Canadians have a high elasticity of demand for sun, particularly in winter.

In addition, as noted earlier, peripheral Canada has not been able to benefit from its amenity advantage in terms of attracting tourism and permanent settlement (tourism will be the world's largest industry before the year 2000 and is currently British Columbia's largest industry) to the extent that equivalent regions in the United States and many other parts of the world have.

Small Business Growth and the Entrepreneurial Factor

Over the last five years, there has been a major change in developmental planning theory and empirical evidence related to this theory. The impetus for this change has been generated, to a large extent, by the Program on Neighborhood and Regional Change at the Massachusetts Institute of Technology (MIT) in Cambridge, Mass. [1]. Based on work that has been undertaken at MIT, it is now generally acknowledged that employment growth is primarily generated by small firms, not large ones, and that the overwhelming majority of net job creation in communities and regions is the product of net firm births, deaths, expansions, and contractions rather than the product of firms migrating from one region or community to another. Hence, the old conventional wisdom upon which much public policy was based, which perceived employment creation and economic growth in regions to

¹³The Stanford Research Institute in Menlo Park, California, has published a large amount of material on voluntary simplicity. They were the fore-runners in identifying this phenomenon. The characteristics of the movement are described by Elgin [3] and Hawken, Ogilvy and Schwartz [7]. Of course, many people in Canada at present are consuming less not out of choice but out of necessity.

be a product of luring firms to a region from another location, has been empirically and theoretically negated.

This new paradigm is significant in the Canadian context in that Central Canada, with the majority of the nation's population, also contains the majority of its entrepreneurs, small business people, and potential small business people. As society becomes increasingly dependent on the creation and expansion of small businesses to provide employment and economic growth, regions with large populations will possess an inertial advantage.

Canada in Two Decades

Based on consideration of the factors that have been discussed in this paper, it is the author's opinion that the considerable economic, demographic and political decentralization that occurred in the late 1970s and early 1980s in Canada represented an aberration rather than a long-term trend in terms of a year-2000 scenario.¹⁴ Already, socioeconomic indicators are describing a resurgence of Central Canada in relative terms. Ontario is now growing faster economically than the national average (mean) and many forecasts indicate it will continue to do so for the next 3-4 years. Demographic growth is nil in Alberta and slow in the rest of the West. It is slightly higher in Atlantic Canada but a significant migration to Atlantic Canada is not occurring.

It appears that the human and economic geography of Canada that is emerging is one of approximate stability between activity in Central Canada and the periphery in terms of population, economic, and political power shares. No longer will the periphery continue to increase its share of population, income, and head offices at a significant rate. However, within the two regions, there will be changes. Within Central Canada it is likely that population will decentralize to smaller centres [8], gentrified settlements and amenity areas, and within manufacturing belts, paralleling trends in other Western countries. However, in peripheral Canada this trend will probably occur at a much slower rate. The frontier and resource areas of peripheral Canada will generate little employment as capital replaces labour. Employment will grow most rapidly in regional neo-staples centres such as Calgary, Vancouver, Halifax, and St. John's. Amenity areas in the periphery will also grow quickly demographically and economically. Such areas will include Vancouver Island, the Okanagan Valley, Coastal PEI, and Nova Scotia, and are likely to include areas with amenity

¹⁴This paper is concerned with Canada to the year 2000. The author is not arguing that in the very long term Central Canada will necessarily continue to dominate the nation in economic, political and demographic terms.

attraction potential such as the Rocky Mountain foothills area to the west of Calgary, and interior areas of PEI and Nova Scotia with attractive scenery; e.g., the Annapolis Valley.

It appears likely that future trends in Canadian economic geography will differ considerably from trends in the United States. In the late 1970s and early 1980s, the United States experienced trends very similar to Canada's - particularly in terms of the rapid growth of the Western U.S. However, although the output indicators looked similar to Canada's (e.g., rates of Western urbanization, migration influenced social problems, high housing prices) the phenomenon of peripheral growth in the United States was much more broadly based than in Canada. In the U.S., the growth of the West was based on defence spending, retirement communities, tourism, high tech (e.g., Silicon Valley and the LAX area of Los Angeles), other types of knowledge based industries, massive migration (legal and illegal) from Mexico, and so forth. By way of contrast, Western Canadian economic and demographic growth in the late 1970s and early 1980s was much more dependent on the natural resource sector, and the energy sector in particular. It was easy to confuse similar outcomes and symptoms in the Wests of the U.S. and Canada for similar underlying economic bases and to extrapolate from this assumption that future settlement and economic geography trends in the two countries would continue to be roughly parallel. For reasons noted, this is unlikely to be the case. Central Canada will likely perform better than the U.S. "rust belt", while Western Canada will likely perform more poorly than the U.S. West in terms of economic and demographic indicators. It is also likely, for similar reasons, that Atlantic Canada will perform less well than the equivalent U.S. region, New England.

Conclusions

The recently experienced trend toward economic, demographic, and political decentralization in Canada will slow, if not stop. In a more resource conserving society and one in which capital substitution will continue to take place at a fast rate in the primary sector, employment creation in the resource areas of the periphery will approach zero in aggregate and in many local cases will be negative. A neo-resource economy based on industries linked to the primary sector will, however, develop in key centres of the periphery. The immense growth in personal service employment will be predominantly (in absolute terms) in Central Canada, because that is where the majority of the Canadian population is now located. Similarly, growth of small businesses through

entrepreneurship will be greatest in Central Canada (in absolute terms) because that is where the majority of Canada's existing and potential entrepreneurs live. High tech industries not linked to the primary sector are also likely to locate in Central Canada, because key locational factors (noted earlier) favour such a location. A slow growing and aging population is also a factor favouring Central Canada; slow growth protects the status quo and makes inertia a more important factor in relative regional growth; such factors will favour Central Canada. No region of Canada enjoys a particular amenity advantage, although the comparative amenity advantage of peripheral Canada is very different from the comparative amenity advantage of Central Canada. The one factor that will favour part of peripheral Canada (the West) is the swing in world trade from the Atlantic to the Pacific Rim and the movement of the U.S. population westward. However, Central Canada will not be totally precluded from capturing a considerable portion of Pacific Rim activity because of past immigration patterns and the relatively small additional travel time to Asia from Toronto vis-à-vis Western Canada. Last, but not least, for reasons noted in the paper, it appears that peripheral Canada will lose some of its political clout in the next decade.

There are, of course, many variables which could change. Peripheral Canada may adopt a more aggressive political stance (witness the recent actions and rhetoric of the Newfoundland government) which might slow or even reverse the trends in political power described earlier. A major war in the Middle East would raise the cost of energy and increase the economic and demographic strength of the periphery if it continued for a lengthy period of time. Last, but important and possible, freer trade with the United States could benefit the periphery (mainly the West) by creating lower consumer prices and by opening up the very fast growing Western United States market to new manufacturing industries which would be more likely to locate in Western Canada.

If the periphery wants to continue the recent trend of becoming more significant in Canada, leaders in that region cannot be complacent; they will have to adopt aggressive strategies. The secular trends which favoured the periphery in the 1970s and early 1980s have changed dramatically.

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