

Sustainable Population Policy: Charting a Course for Canada

National Agenda-Setting Roundtable

Project Proposal and Work Plan

Family Network Project F-150*

February 2007

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Overview

CPRN is launching a multi-phase program of research examining Canada's response to the challenge of population decline. This proposal is for a national agenda-setting roundtable where a range of stakeholders will share current evidence, exchange ideas and perspectives on the issues, and outline next steps to collaboratively address the challenges to sustainable population policy, in context of the environmental implications of population size and growth.

The following provides background on the research and policy issues, defines objectives and activities for the roundtable, and sets out a work plan and budget.

Background

The Demographic Challenge

Canada's population is aging, and facing population decline despite near record high immigration levels. This demographic trend has considerable ramifications from a public policy standpoint, in terms of economic growth, public expenditures and social structure. Canada, with a total fertility rate (TFR) of 1.5, is not alone in facing this challenge; other industrialized countries are already addressing the issues associated with an age structure characterized by dramatically increasing numbers of older people and shrinking numbers of children and working age citizens.

Most industrialized nations recognize this demographic challenge and many have implemented a range of policies to reduce its scope and mitigate its potential impacts. In North America the situation is somewhat unique. The United States has a relatively high fertility rate, hovering just under the replacement rate of 2.1, mostly reflecting a very high fertility rate for Hispanic Americans, and steady immigration. Mexico's fertility rate is well over replacement and has a younger population overall.

Canada has had a fertility rate below replacement level since 1972 but has a fairly high immigration rate. Most Canadians, if they are aware of the issues at play, assume immigration will take care of the challenges associated with an aging population such as a shrinking work force and growing dependency ratio. According to Statistics Canada, Canada's population is ageing quickly and senior citizens will outnumber children in about a decade, according to new population projections (2005).

Population projections for Canada's largest metropolitan areas also highlight how current fertility and immigration trends will affect cities very differently. Matthews (2006) has projected that by 2051, 10 of the 26 largest cities in Canada will have growing populations, while 12 will see population decline. Of the cities projected to be smaller, it

could be as low as half their current size. And growing cities will be younger and more diverse.

Policy Responses to the Challenge

In Europe, Asia and Australia the responses to their situation have been varied. Each nation has focused on particular policy responses to complex issues. Most have chosen to focus on increasing or maintaining a fertility rate near replacement levels while also paying serious attention to labour market issues such as increasing the labour force attachment of women and other under-represented groups, and later retirement ages for workers. Some, most notably Australia, have also looked to immigration to reduce the likelihood of reductions in population size or unmanageable ageing trends. The lessons from other industrialized nations include the importance of having a mix of policies in place to ensure a sustainable population base.

Compared to these responses in other countries, the Canadian approach is atypical. In Canada, relatively little attention has been paid to issues of sustainable population and none has been paid to issues of fertility rates outside the province of Québec. The Canadian policy response has been primarily focused on immigration as a source of growth for the labour market and as a mitigating factor for ageing trends. More recently some attention has been focused on other labour market policies, particularly exploring initiatives around later retirement for Canadian workers. The province of Québec has implemented more explicitly pro-natalist policies including cash incentives and, more recently, universal childcare.

Tracking Changes in Fertility Rates

Regarding fertility rates it is instructive to examine approaches and outcomes in other industrialized nations. The French national statistical institute (INSEE) announced in January 2007 that the TFR in France has reached a record high not seen in over 30 years, now standing at 2 children per woman. This puts France at the head of all European nations with respect to population replacement.

France's accomplishment is understood by many to be a result of a planned and long term commitment by the French government to implement family-friendly policies that allow women to work (81% participation rate) and raise children. Laroque and Salanié (2005), in their study of fertility in France, found that "results suggest that financial incentives play a sizable role in determining fertility decisions in France". Other European nations have had similar, if somewhat less striking, results. Most Nordic countries boast a TFR in the range of 1.8 while the EU average and the Canadian TFR stand at only 1.5.

Nobody is certain how far fertility rates can fall. The accepted wisdom had been that rates would fall to a certain point and then naturally begin to rise again. South Korea and Hong Kong have recently fallen below the 1 child per woman level, however, marking a dramatic new turn in population sustainability. Many other Asian and European nations have TFRs between 1.1 and 1.3, called by demographers "lowest-low" fertility. Scientists

and policy makers have called lowest-low fertility a serious crisis. Will Canada's TFR continue to fall to these levels?

As Neil Reynolds states in his *Globe and Mail* article "The incredible shrinking country" in the Report on Business (January 19, 2007), "[w]ith a falling fertility rate, Canada's population could drop by more than 25% in any single generation – from 34 million in 2030, for example, to perhaps 25 million. This order of decline could continue for a hundred years or more." According to Statistics Canada our population may begin to decline as soon as 2040. Are Canadians prepared for this dramatic change in the nature of our population, and for its consequences?

Although Canada's TFR is only at 1.5, polls and surveys show that Canadians actually want more children. When asked, most Canadian women and men indicate that two or three children would be an ideal number and more would choose four children over one child. Yet, on average, Canadians have less than two children. Clearly there is a large gap between the desires and expectations of Canadians and their choices and actions. Canadian policy-makers need to understand this discrepancy and the barriers and obstacles that Canadians face in realizing their desired family size.

In addition to low fertility, Canada and other nations face late fertility. Women are choosing or trying to choose having children later in life. This brings with it not only a further reduction in overall fertility, since starting a family later in life usually precludes a large family, but also carries large health and health care challenges for both older mothers and the babies born to them.

Is Immigration the Answer?

Immigration has been traditionally seen as the primary source of population growth in Canada. Immigration levels have been between 150,000 and 265,000 per year since 1987, fluctuating due to a number of external and internal factors. Immigration cannot alter the age structure of our population; in fact current approaches to immigration reinforce the baby boom effect as the average age of an immigrant to Canada is over 30 years old. And research evidence is clear that immigration at anywhere near even the highest levels of recent years can do nothing to mitigate the ageing affect. Statistics Canada has estimated that we would need over 3 million immigrants per year to have a substantial impact on the age structure of our population. The C.D. Howe Institute, in *No Elixir of Youth: Immigration Cannot Keep Canada Young* (2006), reports that "no conceivable amount of immigration with an age profile such as Canada currently experiences can significantly affect the coming shift in ratio of older to working-aged Canadians."

Keep Workers Working

The Conference Board of Canada report, *Canada's Demographic Revolution: Adjusting to an Aging Population* (2006), stated that for aging populations there are "three choices but only one solution". The report acknowledges that the policy mix in other nations includes increasing immigration, increasing the number of births or increasing the

number of older people in the workforce. The Board states that “the first two options seek to address a demographic problem...the last option is likely to offer the best chance of success.” So, while there is recognition that a mix of policies is employed by most other industrialized nations, the Conference Board suggests that only later retirement offers real hope of success.

Responding to the Challenge: What is the best policy mix?

What to make of all this evidence? What lessons can be drawn from other industrialized nations? What mix of policies offer the best chance of reducing the scope of the future demographic problem while also mitigating whatever challenges remain?

CPRN is launching a groundbreaking initiative to examine all sides of this issue. We will assess the current evidence with respect to the magnitude of the impact of population changes on Canadian society and the economy while keeping in mind the environmental implications of population size and growth. We will also contribute knowledge about how to ensure a productive and sustainable population for Canada, by using provincial, national and international comparisons and by engaging Canadians in fruitful dialogue about the future shape and face of Canada’s population. In partnership with other experts in the fields of demography, sociology, political science, immigration, labour markets, business and citizen engagement, CPRN proposes to seek evidence-based, citizen-tested policies for sustainable population policy in Canada.

Proposal

CPRN is proposing to hold an agenda-setting national roundtable to launch a multi-year project to examine the multiple facets of a comprehensive policy approach to sustainable population for Canada. In partnership with the University of Western Ontario’s Population Studies Centre and the Sprott School of Business at Carleton University, CPRN will host a day-long structured dialogue session to bring together a range of stakeholders dealing with all facets of population policy, in particular immigration, fertility and labour market issues. Participants will be selected to ensure broad representation of different perspectives from government, academia, business and the voluntary sector.

The objectives of the day will be to:

- Share the most current evidence, provincial, national and international, on the components of a sustainable population policy
- Generate a dynamic exchange of ideas and perspectives on the evidence
- Outline a series of crucial next steps to move us forward in understanding how to address the issues and challenges arising from the evidence
- Gather support from participants to undertake next steps, in particular with respect to further research

To deepen our understanding of the interplay of policies affecting a sustainable population and to build momentum for further knowledge generation, capacity building and knowledge transfer in support of policy and decision making, CPRN proposes to develop a one-day *structured policy dialogue* that mobilizes the learning and experience of key experts and stakeholders for both policy and knowledge development. CPRN's structured dialogue process is a proven methodology for enhancing understanding of how research and practice can be used to inform policy priorities. The policy dialogue on sustainable population policy will build the foundation for a two to three year multidisciplinary project aimed at providing Canadian decision-makers with reliable, timely policy options and recommendations for meeting the demographic challenges ahead.

The Sustainable Population Policy National Roundtable will be a research-based, all-day event, running from 9 a.m. to 4:30 p.m. A mix of 20 to 25 people from the policy-making, research, business and community sectors, as appropriate, will be invited to attend. The agenda and approach for the dialogue will be developed in collaboration with a small advisory group.