

Speech



Sailing Forward Together: Charting the Future for Newfoundland and Labrador (slide 1)

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Thank you very much for inviting me here today. I welcome the opportunity to return to NL and to make my first visit to Gander. I started coming to NL 26 years ago and I have enjoyed every visit and always learned something. Until recently I lived at the opposite end of the country in Victoria and I have always perceived us as bookends to our great country.

In my office across from my desk hangs this photograph (slide 2). I was in NL in 1997 and I, like so many others of you here today was enthralled with the visit of the *Matthew* celebrating the 500th anniversary of the Cabot Landing. I snapped the picture while following the boat out in the Bay towards the berg with several colleagues from across the country. We followed the boat as it left St. John's harbour and were filled with wonder at the sheer grit it took to make the voyage and settle in a new land in a tiny wooden boat. I think about the forbears of the people of NL and understand how this rugged and beautiful land was as appealing as it is today.

And you do wonder what would possess someone to take off to the "ends of the earth". Who were the sailors on the *Matthew*? I surmise that they were mostly adolescents, and that they were seeking a life of adventure. John Abbott, the noted UK educator brings together the sciences of cognitive psychology, neurobiology and evolutionary biology to bring together a new synthesis of learning.¹ He postulates that Adolescence is a necessary step in the evolutionary process. It is a deep-seated biological adaptation that makes young people go off, either to war, to sea, to hunt or to find the land that is greener than is at home.

There is growing evidence that adolescent brain development is insufficient to calculate fully risk and to exercise appropriate judgement to avoid risk situations. In fact, as almost any parent will tell you, the adolescent brain gives the impression that they are right and that everyone else is wrong. This tendency is the result of evolutionary processes that guaranteed the diversity of the gene pool. By splitting off from the home base and making treks into new lands, the adolescent was able to move away from home, separate from their parents and establish themselves as independents. Through this process of taking risks, separating and establishing independence, our long-term survival is assured, even if some adolescents were lost along the way.

Therefore, the first settlers to come from away to NL were most likely following this evolutionary imperative – taking risks, separating from their parents and establishing their independence, all in the name of guaranteeing our future survival.

So this brings us to our first question: Why do people migrate? (slide 3) What motivates them to leave home and seek life elsewhere?

The adolescents that climbed aboard the *Matthew* were following their biological imperative to seek out and explore, ignoring risk, and their parents' warnings to forge a new life for themselves and the next generation.

¹ John Abbott (2005) Adolescence; A Critical Evolutionary Adaptation. 21st Century Learning Initiative. UK. Accessed November 2, 2007. http://www.21learn.org/arch/articles/adoles_crit_evo_adapt.pdf

There are many reasons to migrate, and humans have been on the move since we were able to walk upright. We have already covered the Evolutionary & Biological Imperative. There are also political, social, and economic crises, which drive people out of their homes to find new abodes that, have a more predictable outcome for hard work and sacrifice. Canada as a nation has been a great benefactor of these moves, and has been dependent upon immigrants to extend settlements across Canada.

War and civil strife has caused whole nations to be uprooted and often for many generations, if not permanently. Land shortages have caused the second sons and daughters to leave the family farm and find and develop land elsewhere. Likewise, the shortage of land and poverty made the lure of the city and industrialization attractive economically to young people in every part of the world and across all cultures.

Natural disasters, floods, fires, hurricanes, volcanic explosions, earthquakes, and drought have all played a part in shifting populations from one area to adjacent areas. And finally, public policy choices, or the deliberate choices of governments have made a big difference in the lives of some residents. Governments have used their prerogative to resettle communities, forcibly shifting populations or diluting ethnic strongholds by importing or exporting peoples into or from particular communities to meet particular political and or social objectives.

Now I would like to share with you a few global snapshots of the portrait of what has happened elsewhere in terms of migration. This is not meant to be an exhaustive review but merely a set of vignettes to give some context to the situation here in NL.

But before I get to the world tour, I had better share with you where I think this talk is going this morning. Here is what I hope we will accomplish in the next half hour or so. First, (slide 4) we have been talking about migration patterns, and we will go on to explore some experiences and policy responses.

Next we will move on to look at what has happened as a consequence of these migration patterns and how a demographic imperative has been created. We will then look at what we know and suggest how we can best manage for the future. The focus will be on Human Capital and the next generation of leaders of NL.

Finally, we will outline some of the policy choices for NL and talk about where the best ROI might be realized.

Starting on our world tour, let us go first to Zambia.² (slide 5) Every year the rural areas of Zambia empty out as the young and fit adults leave the countryside farms in search of waged work in the cities and towns and work in the copper mines. This phenomenon is not recent; in fact, it has been ongoing since colonial times. The mines are the economic engine and so the investment has been directed into roads to serve the large farms as their products feed the miners. The small farms lack investment, infrastructure, and hence yield low productivity. Young people leave and the villages left behind become havens for the very old, the very young, and their

² Rural life and Agriculture Tour – Monze [Biz/ed Virtual Developing Country} Rural Migration. Accessed Oct. 4, 2007 www.bizednet.bris.ac.uk/virtual/dc/farming/monze/issue3.htm

mothers. Labour shortages prevent increases in productivity. The rural depopulation in Zambia is complicated by the HIV/AIDS (slide 6) which exacerbates the labour shortages. Investment in fertiliser, farm machines and cooperatives to get to the market can reverse rural migration. Farmers need to see a benefit to farming their land.

Now let us move onto post-communist Russia, specifically Georgia. (slide 7) The expectation in post-communist Russia is that as political, social and economic crises intensify, that rural depopulation will continue.³ There are three main drivers in rural migration from Georgia (slide 8) to other districts in Russia: rise in the economic development in Russia which has created better opportunities elsewhere; fewer higher end jobs in Georgia relative to other areas; increased education and cultural awareness has led non-native Georgians to return to their former homelands. Exacerbated by the economic crises following the demise of communism in 1989, Georgia was disproportionately affected. In addition, affecting the out-migration was the ethno cultural tensions between Abkhazians, Georgians and Ossetians. There was a concomitant rise in criminal activity, a decline in the safety and security of communities, which together are part explanations for an 8.5 times rise in out migration.

Moving around the globe to the Republic of Korea⁴, (slide 9) we see a similar pattern. Rural depopulation has been ongoing for more than three decades. Part of the explanation has been attributed to (slide 10) National Policies, which strove to remove people from the border areas. Market forces have played a less important role. Changing the migration dynamic will likely take a new relationship between North and South Korea

Sailing back across the Pacific to the United States, the question posed by Ken Johnson and Richard Rathge is "Does Rural Great Plains Depopulation Reflect Failed Public Policy?"⁵ (slide 11) Their analysis of the Great Plains area tells us that in the last half of the last century, while the population in the Great Plains grew by about 4.3 million people, almost 70% of the farm counties lost population. Moreover, who was leaving? Young people, aged 20 – 34, left in droves with two out five leaving the area all together. There was a population consolidation with many of the smaller rural areas closing down, as the large farms created through technological advances needed fewer farmers. Looking at the slide, the red and orange segments represent population losses, while blue is metropolitan gain. As we can see there is a net loss, as the blue is overshadowed by the red and orange sections.

³ Zubiashvili, Tamaz & Mirian Tukhashvili The Impact of Migration in Georgia. Department of Population Migration, Institute of Demography and Sociological Studies, Tbilisi, Georgia. Accessed Oct. 4, 2007
<http://ourworld.compuserve.com/HOMEPAGES/USAZERB/225.htm>

⁴ Kim Doo-Chul. (1996/7) "Economic Growth, Migration, and Rural Depopulation in the Republic of Korea: Comparison with Japan's Experience" *Regional Development Studies* 3: pp. 239-259.

⁵ Ken Johnson & Rathge, Richard (2006) *Does Rural Great Plains Depopulation Reflect Failed Public Policy?* Occasional Policy Brief Series. Western Region Multi-State Project, W1001, Population Change in Rural Communities.

Migration of young people (slide 12) also affects the birth rate. Once young people leave the area, deaths exceed births, exacerbating the aging of the population. Age specific migration in the Great Plains has had significant and serious consequence on the Labour Pool. The entry labour pool has dropped by over one-third, and due to the demographic bulge of the baby boomers, there is a similar and significant drop in the 55 – 64 year olds with a further one-third of the labour market predicted to retire. The Great Plains study (slide 13) recommends adopting the OECD paradigm for a new rural policy framework, which includes:

- Using an integrated rather than sectoral framework
- Using public funding to support regional competitive advantages rather than a subsidy or dependency orientation
- Development of a new rural governance structure to accomplish these shifts

At a state level, governors have agreed that they need policies or programs to

- bring together entrepreneurs
- access to capital and venture capital networks
- access to a highly skilled labour force
- worker training programs
- an environment that cultivates entrepreneurial spirit
- Market research capacity to support business development and expansion

North of the Great Plains lies Saskatchewan, (slide 14) this faces a similar portrait with the population declining, with age specific migration from non-aboriginal population increasing. Their portrait differs somewhat in that the First Nations population is staying in Saskatchewan and the First Nations population has a higher birth rate. By 2017, the population of Saskatchewan is expected to be 50% Aboriginal and 50% non-aboriginal. (slide 15) This has specific implications for the tax base of Saskatchewan as well as public services, as the FN population is very young and the non-aboriginal population is elderly. The government of Saskatchewan has responded by creating rural dialogues that have as their aim creating a new attitude, making the most of opportunities discovering ways to keep youth in place and bridging the divide between Aboriginals and non-aboriginals.⁶

Nova Scotia⁷ (slide 16) faces rural depopulation challenges as well. The lack of economic opportunities and access to urban opportunities exacerbates the trend. The loss of population in rural areas has a “tipping point” where the trend is magnified once a threshold is reached, and depopulation becomes more rapid. In Nova Scotia, with its meagre natural resources, population mirrors (slide 17) the resources available i.e. the fisheries and coastal regions and areas with better soils. As both farming and fishing have become less lucrative, the population has moved to larger urban areas, notably Halifax and/or left the province.

⁶ Canadian Rural Partnership Rural Team Saskatchewan. Rural Saskatchewan Meets to find Answers. Sccaa.usask.ca/gallery/kids/depopulation/en_section6.php. Accessed 19 October 2007.

⁷ Millward, Hugh. Rural Population Change in Nova Scotia, 1991 – 2001: Bivariate and multivariate analysis of key drivers. *The Canadian Geographer*. 22 June 2005. Goliath.ecnext.com/com2/gi_0199-4647153/Rural-population-change-in-Nova.html Accessed 19/10/2007

What have we learned from our round the world tour? (slide 18)

- Migration is driven by youth seeking independence and greener pastures
- Economic opportunity has traditionally been located in urban areas and people move for economic opportunity
- Lack of access to opportunity drives people out of rural areas
- Depopulation leads to devitalization
- Depopulation has a tipping point – age specific migration decreases the birth to death ratio (slide 19)
- Policies can affect migration, both positive and negative
- Investment in infrastructure can slow depopulation
- New forms of governance are required
- Regional integrated approaches needed
- Investment in Human Capital necessary
- Socio-cultural shift from dependency to entrepreneur required

The Demographic Imperative (slide 20)

Let us now move closer to home and have a look at what is happening in NL. The situation is quite stark with NL boasting one of the most rapid rates of youth depopulation in Canada. Over 44% (slide 21) of all children born in 1970 – 1972 have left the province. If we exclude St. John's, the rate of leaving is 56%. This trend line started in the 80's and has continued. Rural areas are disproportionately affected as we have seen.

Let us look at the population pyramid. (slide 22/23) In 1951, NL had a classic pyramid shape population distribution. The children were plentiful and the elders were few. Now we must now rename our population pyramid – perhaps Inuksuk, (slide 24) as they no longer look like pyramids.

The shape of the population distribution is telling. The heavy burden above is threatening to topple over, as the support from below is too narrow. The dependency ratio is shifting, or in other words, the number of earners to dependents is decreasing – meaning that one worker will have to support more dependents than in the past. Just as the tax base is shrinking, so too are the demands on services for an ageing population.⁸ In the slide (slide 25) showing what is happening in the Gander region you can see how much more pronounced it is in this area. Gander mirrors in many ways the experience of other regions outside of St. John's. A population that is ageing without much support below is the portrait for the other regions in NL. This map (slide 26) of NL demonstrates the overall population decline in NL and if you look at the Regions, you will see that their decline is more pronounced.

The decline in population and in particular the decline in young entrants into the labour market has an impact on the ability of firms to recruit and retain workers as well as an affect on their market. Overall, (slide 27) there has been a decline in the number of firms in NL.

⁸ Nathalie Pierre, Nicole Pollack, Patrick Fafard. (October 2007) Health Policies and Trends for Selected Target Groups in Canada. An overview report for the Canadian Association of Occupational Therapists. CPRN: Ottawa.

While NL has had traditionally a seasonal economy (slide 28) dominated by the fisheries, that trend has continued despite a decline in the GDP brought in through fishing. There is a significant difference between NL full-time employment rates and the rest of Canada. This means that there is considerable excess human capital and therefore significantly lower productivity as a whole for the province. When we examine productivity further, we see a lack of investment overall in human capital across the province.

University Graduation rates (slide 29) are about one out of 8 people aged 18 – 64 or fewer than 12% compared to the rest of Canada, which is 18%. High School graduation rates are low compared to the rest of Canada. Thirty-three percent of the NL population aged 18 – 64 has not completed high school. (slide 30) This statistic is particularly worrisome as the new standard for literacy is considered high school. A population that lacks literacy will be less productive than a highly educated population.⁹

Focus on Human Capital (slide 31)

In a global economy where capital can shift in electronic nano seconds, Canada as a whole must improve its overall productivity standing in order to be competitive in a global market. Low skilled labour is not attractive other than for resource extraction, which, for most resources are non-renewable. Likewise, Canada's employers run behind twenty-six other OECD countries when we look at the rate of employer sponsored employee training. The portrait for investment in human capital when measured against the OECD countries does not do us as a nation proud.

NL is at a critical juncture. (slide 26) After many years of budgeting in the red, NL is enjoying and projecting budgets in the black. Here we see the depth of the revenues enjoyed and the size of the projected surpluses for this year and the next two years as forecast in the 2007/08 budget. From a deficit in 2004/05 to continued increased spending and a surplus averaging about \$250 million, is a remarkable achievement. The pressures on the government as well as the opportunities are huge. (slide 33) How best to spend the surplus in order to achieve the best return on investment?

What are the best choices to ensure the future viability of NL? What can be done to capitalize on the surpluses and have our children return and stay in NL? The current plan (slide 34) "Proud, Strong and Determined" outlines an ambitious spending plan including:

- investment in infrastructure
- reduction in taxes and fees
- investment in economic, health, education and social service programs including a continued and increased commitment to the poverty reduction strategy
- recognition of the contribution of the voluntary sector and cultural sector to the quality of life and economy of NL
- acknowledgement of the attractiveness of the pristine environment and a pledge to both keep it green and advertise NL as a tourism destination

⁹ Myers, Karen & DeBoucker, Patrice (2007) *Too Many Left Behind*. CPRN: Ottawa.

It is a multi-pronged approach with multiple commitments spread over a number of targets. The question is "What is the right balance to create a climate that will (slide 35) reverse the exodus of young people from NL to other greener pastures?"

Let us review what we have learned about migration and what has caused it? In addition, what helps to reverse the trend?

Migration is in some respects a natural phenomenon of youth seeking greener pastures and the opportunity to diversify the gene pool and expand their reach. Natural and manmade disasters can exacerbate the trend creating an age specific migration where the young and mobile leave behind the very old and the very young. This in turn creates a gap in the reproduction chain, which creates a tipping point and the decline of communities no longer able to support themselves because they are devoid of workers.

Reversing the trend (slide 36) must focus on creating new economic and social opportunities in a package attractive to the key market – Generation Y. Investment in infrastructure is critical, and important to ensure that there is a reason to remain in NL and in particular, the rural areas. Key to migration choices is the inability to access urban opportunities. Public policy choices can indeed have a strong positive effect on out migration.

Let us imagine a fully modern, leading edge NL, the envy of every province in Canada, world leader in supporting next generation technology to facilitate on-line learning, with a population that can work globally from Cape Chidley to Red Island in Placentia Bay. Infrastructure can be more than roads on the ground; in fact, cyber space roads that connect a highly educated population to opportunities worldwide are the new connectors. A population that lives green in an environment that is clean and will stay clean thanks to a policy direction, and values the environment with a passion fuelled by the next generation of leaders is attractive.

CPRN's (slide 37) work with Youth¹⁰ through our unique citizen engagement methods has given us a unique insight into Generation Y, their motivations, frustrations and needs as they have told us and we have learned from engaging with them in dialogue about the Canada they want. What do these young people value?

They value a: (slide 38)

- Fully modern global country that lives locally and works globally
- Place for young people in governance – not tokenism
- Direct accountability by politicians to the public
- Fiscal conservatism – they do not see spending their way to solutions
- Continued emphasis on green – environmental world leader
- Strong cultural programs
- Investment in education from early childhood to life long learning
- Accessible, quality and timely health care
- Belief in and acceptance of diversity
- Caring, compassionate inclusive society that does not leave anybody behind

¹⁰ Youth Summit Dialogue (2005) ; Lost in Translation (2007)

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They also believe that as citizens they have an obligation to contribute to society. They are not merely about entitlements, and they are prepared to work to achieve societal goals. They believe in responsible use of public services and environmental resources. They expect to work and want to be able to earn a fair wage that will support their families. They worry about the fate of their grandchildren, and want to ensure that there is a clean world for them to grow up.

In short, our next generation of leaders is hopeful, prepared to be involved, and a caring and compassionate lot. We need to engage them in this transformation of NL, as co-creators and partners in their future. Finding ways to reach out and truly engage NL, no matter where they are in Canada can be a way of enlisting them in the transformation of NL and demonstrating that there is something to come home to. (slide 39) Creating a future vision should include the next generation of leaders in a direct and meaningful way.

With engagement, our next generation may come to see that this is a rich and prosperous place, where there is a greener alternative. Charting the course for NL's demands that we have on board the future leaders, and that their voice, and vision for the future is leading the way for NL. (slide 40)

Thank you very much.