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Federation of Canadian Municipalities

Fédération canadienne des municipalités

# Wake-Up Call: The National Vision and Voice We Need for Rural Canada

## *The Federal Role in Rural Sustainability*

May 26, 2009

*Since 1901*
*Depuis 1901*

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# Table of Contents



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FCM wishes to acknowledge and thank Dr. Donald J. Savoie of the Université de Moncton and Dr. Bill Reimer of Concordia University for their contributions to this report. Dr. Savoie's and Dr. Reimer's full and original reports can be found at www.fcm.ca/rural.

# EXECUTIVE SUMMARY

Rural Canada helps fuel our national economy and define our national character. But the towns and villages that make up rural Canada are fighting for their lives, struggling against growing odds to secure a future for themselves in a country they helped build.

The natural resources, energy, agricultural products and raw materials extracted from rural areas now make up 50 per cent of Canada's exports. These industries are driving corporate profits, paying billions of dollars in taxes every year, and creating spin-off jobs and new growth in Canada's urban regions.

Yet rural communities aren't enjoying the success of the industries they help to build or growing with the economy they do so much to support. Instead, rural Canada is in crisis. It is a quiet crisis but one that, if left unattended, will leave rural Canada increasingly weakened and less able to play its essential role in Canada's economy and national life.

That the crisis has been building for decades makes it no less a crisis. Urbanization, international trade, immigration, environmental stress and past political agendas have damaged the organization of rural society, creating hardship and anxiety as livelihoods disappear and traditional support networks weaken.

The recent global economic collapse has exacerbated long-term trends, highlighted in 1996 by the Canadian Rural Restructuring Foundation: "Rural Canada has dying villages and towns, is losing population, and has substandard social services including a chronic shortage of doctors." The 2006 Census showed that rural Canada's share of the national population fell below 20 per cent for the first time in our history, furthering a long decline.

With shrinking tax bases, limited revenue sources and rapidly aging infrastructure, rural municipalities are struggling to provide the basic services and community facilities their communities need to attract and retain residents and businesses.

It's hard to get attention for a quiet crisis, apart from occasional news stories when the last mill closes in a one-industry town. Events like the mountain pine beetle infestation, the devastation of the beef industry by mad cow disease or the closing of fisheries on both coasts are treated as discrete stories that slowly fade from public awareness. The rural element in these events is often overlooked, although of course most of the people affected live in rural Canada.

Those who live in rural Canada and those who study it agree that the long decline that began in the 1920s has not abated, and that without effective intervention by governments it will continue and accelerate. This report takes the pulse of rural Canada and of the federal government's role in promoting rural sustainability. It asks and answers the question: "Why should rural Canada matter to Canadians and their governments?"

Some believe that rural Canada is a drag on the national economy and on urban areas, and that market forces and outmigration should be allowed to solve the problem. Commenting on the 2006 Census results, a national newspaper columnist wrote that the data demonstrate that rural Canada has become "so irrelevant demographically that it increasingly exists only in myth."

This report argues that, despite growing urbanization, rural communities remain critical to the economic, social and environmental fabric of Canada. A strong national economy needs all regions functioning well to operate efficiently. And although rural Canada will not disappear, as long as natural resources remain important to our national economy, a chronically weak and under performing rural Canada is not good for those who live there or for the national economy and urban Canada. Balance is needed in economic development, which calls for public policies that can accommodate both rural and urban areas.

This is a national challenge requiring a national response. Rural Canada is well represented in the House of Commons, and the federal government has initiated numerous policies and spending programs over the years to address rural issues. But the federal role in rural communities has been hamstrung by a lack of co-ordination across federal departments, the absence of long-term strategies and funding commitments, and inadequate rural representation at the federal cabinet table. The report looks at possible changes to the federal machinery of government to strengthen its role in dealing with rural issues. The recent launch of two regional development agencies makes this particularly relevant. If designed well, they will provide an opportunity to engage and embrace rural Canada in federal decision-making. If designed poorly, they will further compartmentalize and complicate federal rural policy and programs.

The economic base is the determining factor in the viability of most rural municipalities. Promoting economic development and diversification in these communities would make them less dependent on single industries and natural resources and would lessen the strains of a boom-and-bust local economy. The provision of adequate public infrastructure is even more critical for rural, remote and northern economies, which must overcome or compensate for limited accessibility and economies of scale to compete effectively.

For the most part, each order of government has its own visions and strategies for rural development. An effective

response to these challenges must integrate the rural development policies and programs of all orders of government. Efforts must be made to avoid a one-size-fits-all solution by recognizing the unique challenges and opportunities that exist in rural, remote and northern communities.

Dealing appropriately with rural issues can generate significant benefits for urban areas. Urban economies continue to rely on rural areas for natural resources, food, water, waste management, carbon sequestration and recreation. This report argues that it makes sense to consider new rural initiatives as urban investments as much as rural ones.

The report sets out the following recommendations for the Government of Canada that will help equip rural Canada to meet its economic, social and environmental challenges.

1. Rural Canada needs a champion at the federal cabinet table to drive and sustain change and to integrate and co-ordinate the actions of various federal departments.
2. Rural communities need enduring commitments—a long-term plan—from the Government of Canada to ensure that rural priorities receive the sustained resources and attention required to tackle problems with deep roots and to implement strategies with long time horizons.
3. A one-size-fits-all approach to rural policy-making will not work; solutions must be tailored for and responsive to the diversity of rural Canada.
4. The Government of Canada must ensure it provides the appropriate departmental structures, mandates and resources to support an enduring, horizontal, collaborative and well-resourced commitment to building and sustaining rural Canada, now and in the future.
5. The vision and strategy for rural sustainability must be developed across departmental silos and in partnership with all three orders of government, industry and community groups.

The global economic meltdown has hit Canada's cities and communities hard. This has highlighted the outdated fiscal, institutional and political framework in which all of Canada's municipal governments operate. It has also created the opportunity for those with vision to rethink the way governments work together in Canada.

If we want the post-recession world to include a stronger and more competitive Canada, it must also include stronger and more competitive communities—rural and urban. When it comes to building a strong national economy and healthy communities, there is no rural-urban divide. There are only Canadian communities, ready to work but needing the tools to compete. It's time to make sure they have those tools.

# INTRODUCTION

In his 1998 paper, *A Preliminary History of Rural Development Policy and Programmes in Canada, 1945–1995*, University of Saskatchewan professor Brett Fairbairn asked, "Why should governments be concerned with rural development?"[1]

The question is even more relevant and timely today than it was in 1998 as the result of significant ongoing changes, including globalization, the growing role of large cities in promoting innovation, and the rapid moment of people from rural communities to urban centres.

As a result, rural communities are confronting daunting economic challenges, with many fighting for survival. The Canadian Rural Restructuring Foundation[2] went to the heart of the matter as early as 1996 when it argued that "rural Canada has dying villages and towns, is losing population, and has substandard social services including a chronic shortage of doctors."[3] The recent economic crisis has only exacerbated these trends.

For many municipal governments in rural, remote and northern regions, economic uncertainty impedes efforts to sustain financially viable communities. The economic base is the central factor in the fiscal viability of the majority of rural municipalities—a pivotal means to the ends.

An effective response to these challenges has to address rural development policies and programs of all orders of government. For the most part, each order of government has separately undertaken visions and strategies for rural sustainability. However, efforts must be made to integrate and co-ordinate policies and programs among all governments and to avoid a one-size-fits-all solution by recognizing the unique challenges and opportunities that exist in rural, remote and northern communities.

The purpose of this paper is to take stock of the state of rural Canada and of the federal government's role in promoting rural sustainability. Ottawa has, over the years, put in place a variety of measures to promote rural economic development and to deal with rural issues. In reviewing Ottawa's role, we need to ask several questions.

[1] Brett Fairbairn, *A Preliminary History of Rural Development Policy and Programmes in Canada, 1945–1995* [mimeo] (Saskatoon: University of Saskatchewan, March 1998), p. 1.

[2] Now called the Canadian Rural Revitalization Foundation.

[3] Canadian Rural Restructuring Foundation, *A Whole Rural Policy for Canada* [paper submitted to the House of Commons Standing Committee on National Resources for its Study on Natural Resources and Rural Economic Development] (Ottawa: House of Commons, May 28, 1996), p. 2.

- **What is rural Canada?** It is important to recognize that rural Canada is as diverse as Canada's urban centres. Many rural communities are within a two-hour drive of urban centres; many others are isolated, one-industry towns or communities. Accordingly, we need to explore what constitutes rural Canada and related issues before we can propose policy prescriptions.
- **Why should rural Canada matter to Canadians?** There is a perception in some quarters that rural Canada is a drag on the national economy and on strong urban areas. Some believe the solution is to unleash market forces and let outmigration solve the problem, and the sooner the better. While this view holds a certain economic appeal, it overlooks important issues and the potential negative economic impact on the national economy.
- **What role should the federal government play in rural sustainability?** Some observers believe that rural communities should take care of their own problems and that, in any event, they are the responsibility of provincial governments. Some maintain that rural Canada has too much infrastructure (such as schools and hospitals) for its population, while urban Canada is in urgent need of new infrastructure investments. As a result, we need to explore the role Ottawa plays in promoting economic development in rural Canada.
- **What changes, if any, are required in the machinery of the federal government to give life to this role?** How to give life to horizontal issues has come to dominate machinery-of-government discussions throughout the western world. That is true for virtually every policy sector, including environment, climate change and regional economic development. Rural issues are, by definition, horizontal, and a number of models have been tried, from a line department and minister of state to a special secretariat. We need to explore possible machinery-of-government changes to strengthen the Government of Canada's role in promoting rural sustainability and dealing with rural issues. That is particularly relevant today, as the Government of Canada has recently launched two new regional development agencies, one for the North and one for southern Ontario, as part of a renewed focus on regional economic development in response to the global economic crisis. These new agencies, if designed well, will provide an opportunity to engage and embrace rural Canada in federal decision-making. If designed poorly, they will only further compartmentalize and complicate federal rural policy and programs.

## WHAT IS RURAL?

Prime Minister Mackenzie King once observed that "some countries have too much history; we have too much geography." Canada's political leaders over the years have tried to manage, as best they could, the country's relatively small population dispersed over 9,984,670 square kilometres.

We know that Canada's population continues to shift toward urban areas. Between 1921 and 1931, Canada's urban population surpassed its rural population, and today some 25 million people—over 80 per cent of Canadians—live in urban areas.[4] The reasons for this shift are varied. The primary resource sector, notably agriculture and fisheries, is not nearly as important to the economy as it once was. New Canadians tend to go where other new Canadians are, with the result that most new Canadians are found in urban areas. A good number of emerging employment opportunities are also now found in the service and financial sectors and in the public sector, which tend to concentrate in urban areas.

There are substantial differences in the way Canada's regions have seen their populations shift from rural areas to urban centres. Ontario, for example, saw its urban population surpass its rural population nearly 100 years ago. Ontario today is only 13 per cent rural. On the other hand, the Maritime provinces are just now seeing their urban populations surpass their rural populations.[5]

But what do we mean by rural population and rural Canada? Canadian journalist and author Roy MacGregor argued recently that Canada's long-standing definition of urban Canada is hopelessly outdated. He correctly makes the point that it is no longer possible to define urban Canada as an area that "has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre."[6]

Statistics Canada has sought to update its definition of urban and rural areas. It defines rural Canada as "areas located outside urban centres with a population of at least 10,000."[7] It then goes on to describe two types of rural areas, one close to urban centres and another more remote. It is important to note the sharp differences between the two types. Rural areas close to urban centres are witnessing important population growth, up 47 per cent, which is close to the national average of 54 per cent. But over 30 per cent of the labour force in these communities works in the urban centre.[8] The economies of rural communities

[4] Statistics Canada, "2006 Census: Portrait of the Canadian Population in 2006: Subprovincial population dynamics" [website content] (Ottawa: Statistics Canada), www12.statcan.ca/census-recensement/2006/as-sa/97-550/p13-eng.cfm.

[5] Donald J. Savoie, *Visiting Grandchildren: Economic Development in the Maritimes* (Toronto: University of Toronto Press, 2006), pp. 243–4.

[6] Roy MacGregor, "Who says we're an urban country?" *The Globe and Mail*, November 24, 2007, p. F8.

[7] Statistics Canada, "2006 Census: Portrait of the Canadian Population in 2006."

[8] Ibid.

located near urban centres are not much different from those of their urban neighbours. In consultations with federal government officials, it quickly became clear that they are well aware that rural areas vary. For example, they referred to "urban adjacent" areas and recognized that these areas have very different economic circumstances than small, remote and isolated rural communities.

As is well known, isolated and remote areas have witnessed an important loss in population over the past decade. Statistics Canada explains that the lack of population growth in these areas is "often due" to young adults moving to urban areas to pursue education or employment opportunities. The 25 small towns and rural communities showing the fastest decline since 2001 are located far from urban centres, with a number of these in the northern parts of their provinces. By contrast, of the 25 small towns and rural communities showing the fastest growth during the same period, 14 are located less than 50 kilometres from Montreal, Toronto or Vancouver; another six are located close to another urban area.[9]

There is also considerable diversity in how well small isolated rural communities perform. Aboriginal communities, many located more than 50 kilometres from urban centres, continue to experience particularly difficult socio-economic problems and high unemployment rates. A one-industry town that depends on a pulp and paper mill, a sawmill, a mine or a fish-processing plant, for example, does not have the economic diversity to cope with a sudden change in economic conditions, such as a surge in the value of the Canadian dollar or a substantial drop in demand. The reliance on one sector or enterprise makes these communities highly vulnerable to sudden changes.

Some observers insist a number of classifications can be applied to rural areas, such as the following: census rural areas (populations living outside places of 1,000 or more); rural and small towns (populations living outside the main commuting zones of larger urban centres of 10,000 or more); census metropolitan areas and census agglomeration influenced zones; Organisation for Economic Co-operation and Development (OECD) rural communities (communities with a density of fewer than 150 people per square kilometre); OECD predominantly rural regions (populations living outside regions with major urban settlements of 50,000 or more people); and rural postal codes.[10]

However we classify rural areas, those far removed from urban areas have had to accommodate far-reaching economic changes. For example, nearly 40 per cent of gross farm receipts are now produced by only 3.1 per cent of Canadian farms. To some extent, the same can be said about the forestry sector, where large, vertically integrated corporations have replaced many small woodlot owners and small sawmill operators.[11]

## WHY RURAL MATTERS

Why should governments, notably the Government of Canada, be concerned with rural Canada? Why should Canadians be concerned if national policies do not apply well in rural Canada, as long as they serve to strengthen the national economy?

Mario Polèse and Richard Shearmur asked, rhetorically: "Why not simply let market forces do their work and allow doomed regions to gradually fade away, and when the process is complete perhaps turn them into national parks or nature reserves? Let the last person to leave turn out the light and close the church door."[12]

In "Rural and Urban: Differences and Common Ground," Bill Reimer provides an answer. He writes: "Rural and urban Canada are inextricably linked. Rural places provide timber, food, minerals, and energy that serve as bases of urban growth. Rural places also process urban pollution, refresh and restore urban populations, and maintain the heritage upon which much of our Canadian identity rests."[13] Reimer adds that "since we share the air, water, vistas and the land, it becomes impossible to separate the impacts of urban and rural activities."[14] He maintains that governments have an important role to play in rural Canada.

It is also important to note that many of Canada's early manufacturing success stories were born in small towns, more often than not in response to the demands of farmers or individuals working in agriculture or in the forestry sector.[15] Some of Canada's leading food-processing firms that have become highly competitive and successful globally were also born in small towns, including McCain Foods in Florenceville, New Brunswick, and Oxford Foods in Oxford, Nova Scotia. The image that suggests urban areas are dynamic, high-growth economic spaces, while rural Canada is a kind of economic wasteland, does not always correspond to reality. To be sure, some socio-economic problems are deeply ingrained in some remote and isolated rural communities. However, rural Canada consists of a variety of economically diverse communities.

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[9] Ibid.

[10] V. R. du Plessis et al., "Definition of Rural," *Rural and Small Town Analysis Bulletin*, vol. 3, no. 3 (Ottawa: Statistics Canada, November 2001), pp. 1–17.

[11] Iain Wallace, *A Geography of the Canadian Economy* (Toronto: Oxford University Press Canada, 2002).

[12] Ibid., p. 185.

[13] Bill Reimer, "Rural and Urban: Differences and Common Ground," in Henry H. Hiller, ed., *Urban Canada: Sociological Perspectives* (Don Mills, Ontario: Oxford University Press Canada, 2005), p. 71.

[14] Ibid., p. 86.

[15] See, among others, Horace Miner, *St. Denis: A French-Canadian Parish* (Chicago: University of Chicago Press, 1939).

There are also important economic reasons pushing governments to develop programs and initiatives for rural areas. Some economists argue that a national economy needs to have all regions functioning well to operate efficiently. These economists stress the need for balance in economic development and point to countries with strong national economies, such as Germany, the United States and Japan, to make their case.[16] These countries have promoted economic balance, both among regions and between urban and rural areas, better than Canada has.[17] This argument, in turn, calls for public policies that can accommodate the socio-economic circumstances of both rural and urban areas.

In any event, rural Canada is not about to disappear. Natural resources are also not about to disappear or somehow relocate to urban areas. A chronically weak rural Canada is good neither for the national economy nor for urban Canada. In their extensive review of the "spatial dynamics" of the Canadian economy, Polèse and Shearmur concluded that "peripheral regions will not die." They added "what we know is that populations will in all likelihood decline in the majority of peripheral regions, the predictable result of the combined impact of the demographic transition and expected future trends in employment. In some cases, the decline will be dramatic, especially for communities whose livelihood is entirely based on a single threatened resource. However, except for such extreme cases, we do not know where this process will end or when and at what population and employment levels peripheral communities will eventually find a new equilibrium. The majority of peripheral communities will not disappear."[18]

Polèse and Shearmur believe rural Canada and many peripheral communities will continue to exist and to matter to Canadians, for a number of reasons.

Local resources will continue to be exploited (and sometimes transformed), although with fewer workers. Consumers will continue to demand fresh fish and seafood. Wood will continue to have its uses. In some regions, new resources will be discovered and exploited, such as natural gas and oil off the coasts of Newfoundland and Nova Scotia.

The maintenance, care and stewardship of natural resources will continue to require a local presence, such as game and forest wardens. The seas must continue to be policed and inspected. Local infrastructure, such as roads, harbours, airports, and power lines and stations, must be maintained. Various "peripheral" deep sea ports will continue to act as transshipment points for wheat, iron ore and other raw materials.

There will always be a tourist demand for the great outdoors and spectacular scenery, including everything from whale watching, hiking, hunting and fishing to cross-country skiing and snowmobile expeditions. Again, infrastructure must be maintained and services provided. Public services, such as public administration, policing, education and health care, must be provided for local populations. As populations age, health care will become increasingly important.

Communities that offer a cost advantage, such as lower labour costs and turnover, to offset the costs of distance will continue to attract industries sensitive to labour costs and employee loyalty. Call centres and textile firms are current examples. There will always be people, at least in most cases, who *want* to continue to live in particular communities and who are willing to make the effort and bear the necessary costs to make their enterprises and their communities work.[19]

What role should governments play as rural Canada and peripheral communities seek to adjust to a more competitive and demanding global economy? Polèse and Shearmur insist that statements such as "let's just close down region X" or "why not turn it into a park" are simply "politically useless and basically irresponsible."[20] Public policies can and do have an impact on a community's ability to adjust, and there will always be pressure to adjust policies to accommodate the interests of rural Canada. Members of Parliament (MPs) are elected to represent constituencies, and it is unrealistic to think that they will stand by and allow the unfettered market to call the adjustment tune in rural communities. In Canada, as in other western countries, representation by population has been adjusted so that rural areas have more representation in legislatures than do urban areas. Rural MPs, no less than urban ones, will apply pressure on their party leaders and the government to put in place special measures for their constituencies.

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[16] See, among many others, Benjamin Higgins, *The Road Less Travelled* (Canberra: Australian National University, 1989).

[17] Savoie, *Visiting Grandchildren*.

[18] Mario Polèse and Richard Shearmur, with Pierre-Marcel Desjardins and Marc Johnson, *The Periphery in the Knowledge Economy* (Montreal: Institut national de la recherche scientifique/INRS–Urbanisation, Culture et Société, 2002), p. 186.

[19] Ibid., pp. 187–8.

[20] Ibid., p. 188.

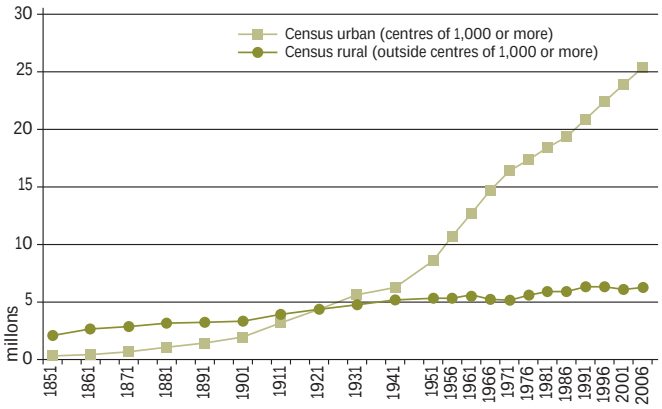
# THE CHALLENGES FACING RURAL CANADA

Unique conditions, characteristics and challenges exist in rural areas that have distinct implications for municipal governments. Small population bases, limited economies of scale, accessibility, location and rising service expectations influence the ability of rural communities to sustain vibrant local economies.

## Urbanization

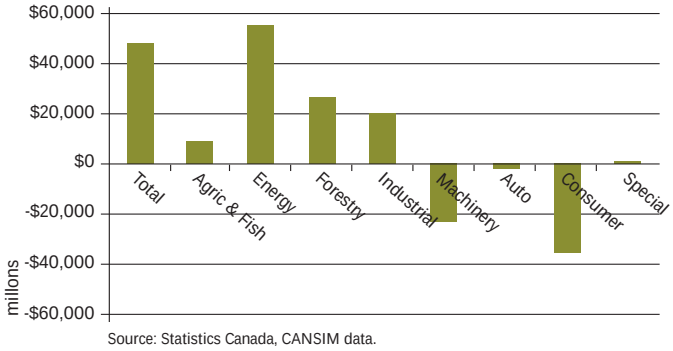
Continuing urbanization and its drivers have shifted the relative importance of rural Canada (Fig. 1). Our commitment to international commodity trade and the increasing value of human time have driven the mechanization of all production. That has had a significant impact on rural places, because the population has decreased as production has increased in agriculture, fishing, forestry, mining and energy. As a result, our natural resource commodities have become the major supporters of our balance of trade (Fig. 2), but our rural communities have been depopulated, particularly those strongly integrated with the global economy.

**Fig. 1: Canadian Urban and Rural Populations, 1851 to 2006**




Note: Data are tabulated in the boundaries applicable at the time of the given census. Source: Statistics Canada. Census of Population, 1851 to 2006.

**Fig. 2: Canadian Balance of Trade, 2007**




Source: Statistics Canada, CANSIM data.

At the same time, rural areas close to urban centres have been growing. In the process, prime agricultural land has been threatened,[21] and our dependence on automobiles and trucks has encouraged urban sprawl. The associated increase in $CO_2$ emissions has added to the environmental stress created by fossil fuel use in our commodity production, further exacerbating the challenges of climate change and global warming.

### Investing in Urban-Rural Interdependence

The City of Edmonton and its surrounding regions (the Northeast Alberta Information Hub) have entered into an agreement to share resources for economic, cultural and social objectives (www.albertahub.com). When senior governments failed to take the initiative on declining fish stocks in the Miramichi River, regional non-governmental organizations, urban and rural municipalities, and businesses organized themselves to deal with watershed challenges (www.mwmc.ca).

The rural voice in Parliament has been fragmented by the strong sectoral organization of political agendas. Most of the rural challenges—such as those related to population decline, reorganization of property rights, poverty, services and local governance—are multi-sectoral in nature, especially as they are manifested in specific places. Building a strong local conomy, for example, requires at least regional diversification. That potentially places the interests of agriculture and forestry, fishing and tourism, energy and environment, or mining and health in conflict, as they struggle to fulfill their mandates or even survive in difficult conditions. If there is no place where these conflicting interests can be identified, debated and accommodated, we are often left with shortsighted policies and disastrous outcomes (Federal Family on Community Collaboration 2008). In the process, the integrated rural voice is diminished.

[21] Nancy Hoffman et al., "The Loss of Dependable Agricultural Land in Canada," *Rural and Small Town Canada Analysis Bulletin*, vol. 6, no. 1 (Ottawa: Statistics Canada, January 2005).

## Immigration in Southern Manitoba

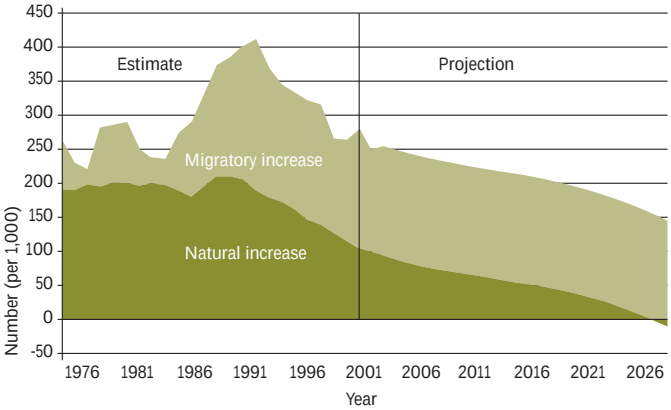
People in the Winkler region of rural Manitoba faced a labour shortage in their growing local economy. They realized that their roots in Mennonite culture and religion provided important connections with fellow Mennonites in Central and South America. Using the Provincial Nominee Program, they negotiated special arrangements with the Manitoba government, established a large number of support programs in their communities, and fostered a rate of immigration that rivals those of Toronto and Vancouver.

Too often, the policy responses to these challenges are represented as a struggle between urban and rural interests. This approach does not recognize the pervasive interdependence between them and the opportunities it affords.

## Immigration

Our current patterns of and future expectations for immigration promise to exacerbate the challenges of urbanization. Canada's historical dependence on immigration will continue into the foreseeable future. In fact, immigration overtook natural population increase as the major source of population growth in 2001. It is projected to become virtually the only source by 2020 (Fig. 3). Most of these immigrants settle in or near urban regions. That means that rural experiences, challenges and perspectives will be placed in jeopardy without proactive efforts to communicate and represent those interests. Japan has already recognized this problem, initiating a national program of rural-urban exchanges, communication and representation directed toward its urban population.

**Fig. 3: Contributions to Canadian Population Growth, 1976 to 2026**




Source: Statistics Canada, *Annual Demographic Statistics* (cat. no. 91-213) and *Population Projections for Canada, Provinces and Territories* (cat. no. 91-520).

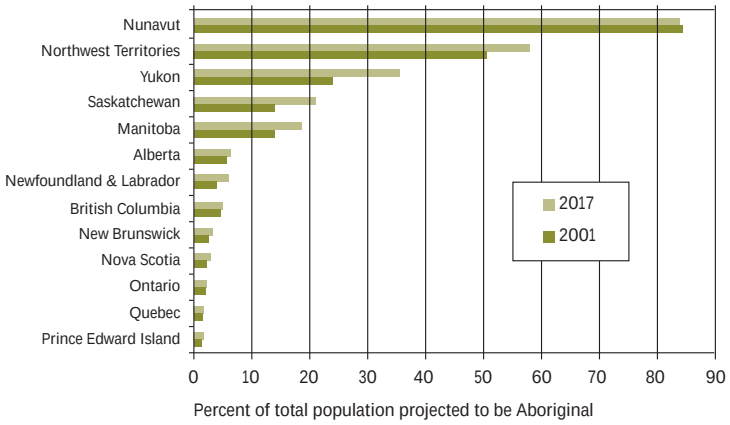
There are also challenges created where the immigrants' destinations are rural. Rural communities tend to be more homogeneous than urban centres with respect to the immigrants' country of origin. They are also generally more homogeneous with respect to ethnic diversity. That can create barriers to social inclusion for potential immigrants, where differences in cultures and lifestyles conflict.

## Social Cohesion

As a multicultural and diverse society, Canada has always faced the challenge of social cohesion. We do not have an exemplary record in dealing with this challenge, as demonstrated by the treatment of Aboriginal people, Japanese-Canadians and some immigrant groups. However, we have managed to address these failures in a way that gives some hope for the future. Both the failures and the successes have a strong rural component that promises to be just as important in the future.

Aboriginal people, for example, are the fastest growing rural population in Canada, particularly in western Canada (Fig. 4). A relatively high proportion of that growth is taking place among young people. Statistics Canada projects that in 2017, young Aboriginal people will provide 30 per cent of the new workers in Saskatchewan.[22]

**Fig. 4: Projected Percentage Share of Population That Will be Aboriginal in 2017**




Source: Statistics Canada, *Projections of the Aboriginal Populations, Canada, Provinces and Territories*, 2001 to 2017 (Ottawa: Statistics Canada, 2005), cat. no. 91-547.

The integration of Aboriginal people, immigrants, visible minorities and diverse cultural groups has traditionally been driven by a focus on labour market integration in Canada. That is reflected in our preference for immigrants with marketable skills, the public support for job and language training, and affirmative action programs targeting access to jobs. There is good reason for this emphasis, since an adequate income is a key element of a high quality of life that supports social cohesion. However, there is also evidence that the availability of services, amenities and social support is equally important

[22] Statistics Canada, *Projections of the Aboriginal Populations, Canada, Provinces and Territories*, 2001 to 2017 (Ottawa: Statistics Canada, 2005), cat. no. 91-547.

to the sustainability of communities and the integration of diverse peoples and cultures. Ensuring these services are available means providing a policy environment where innovations in services can thrive, local collaboration is supported, and the important contribution of informal groups and organizations is recognized. That often means adapting program requirements to meet new forms of accountability and representation.

### Welcoming Strangers

Cap-St-Ignace, Quebec, greets its newcomers by assigning them "godparents" from among the local citizens. The godparents visit the newcomers, invite them to a local community dinner and introduce them to the community as part of that event. This initiative reduces community members' anxiety, provides essential information to the newcomers and facilitates the establishment of long-term relationships within the village.

Building this cohesion across ethnic, cultural and language differences is a particular challenge for rural communities. As diversity grows, it challenges the traditional homogeneity of many communities, often creating fear and anxiety in the face of change. But there are also many instances where communities have embraced this diversity, seeing in it the potential for new assets that can add to both the economic sustainability of the community and residents' quality of life.

## Health and Education

A recent national study of rural health concluded that "rural residents of Canada are more likely to be in poorer socio-economic conditions, to have lower educational attainment, to exhibit less healthy behaviours and to have higher overall mortality rates than urban residents."[23] Besides providing a unique insight into the comparative advantages and disadvantages of rural versus urban centres, the report is innovative in that it investigates the special characteristics of place that contribute to health-related behaviour and health outcomes. Rather than treating health solely as a result of individual characteristics, it attempts to determine how place of residence contributes to health. In doing so, the report highlights the ways in which distance, density, transportation demands and community relationships make important contributions to key elements of health, such as life expectancy, injury levels, quality of food and access to services. It reinforces the point that good health does not depend on an individual's behaviour alone and that where people live can also have a significant impact on their health.

**Fig. 5: Health Status for Rural and Urban Canada**

| HEALTH STATUS INDICATORS | URBAN AREAS | RURAL AND SMALL-TOWN AREAS | | | |
|---|---|---|---|---|---|
| | | Strong MIZ* | Moderate MIZ* | Weak MIZ* | No MIZ* |
| Life Expectancy at Birth (years) | | | | | |
| Males | 76.77 | 77.36 | 75.71 | 75.02 | 73.98 |
| Females | 81.43 | 81.49 | 81.44 | 81.29 | 81.44 |
| Health-Adjusted Life Expectancy at Birth (years) | | | | | |
| Males | 67.91 | 68.74 | 67.21 | 66.21 | 65.47 |
| Females | 70.55 | 71.30 | 71.05 | 70.70 | 69.89 |
| Age-Standardized Proportion of Population Aged 20–64 Who Reported Being Overweight/Obese | | | | | |
| Males | 54.7 | 60.7 | 60.1 | 62.5 | 64.5 |
| Females | 38.8 | 46.2 | 45.5 | 47.9 | 48.7 |
| Total Mortality Rate (age-standardized rate per 100,000) | | | | | |
| Males | 908.0 | 838.9 | 946.3 | 940.7 | 1,010.4 |
| Females | 542.4 | 515.2 | 563.5 | 557.7 | 585.1 |
| All Circulatory Disease-Related Deaths (age-standardized rate per 100,000) | | | | | |
| Males | 354.5 | 339.8 | 368.6 | 366.9 | 377.7 |
| Females | 214.1 | 215.1 | 226.5 | 221.9 | 229.2 |
| All Cancer-Related Deaths (age-standardized rate per 100,000) | | | | | |
| Males | 247.0 | 221.3 | 245.4 | 238.7 | 250.1 |
| Females | 155.1 | 140.8 | 152.2 | 149.9 | 150.1 |
| All Respiratory Disease-Related Deaths (age-standardized rate per 100,000) | | | | | |
| Males | 88.8 | 79.8 | 93.2 | 92.1 | 91.8 |
| Females | 42.1 | 37.8 | 42.6 | 44.8 | 43.2 |
| All Unintended Injury-Related Deaths (age-standardized rate per 100,000) | | | | | |
| Males | 61.9 | 79.2 | 97.3 | 101.2 | 142.5 |
| Females | 25.6 | 29.0 | 33.3 | 34.0 | 48.5 |
| Suicide Mortality Rates (age-standardized rate per 100,000) | | | | | |
| Males | 19.3 | 21.4 | 27.3 | 27.1 | 38.4 |
| Females | 5.7 | 4.0 | 5.1 | 4.9 | 7.9 |

* Metropolitan-Influenced Zone.

[23] Canadian Institute for Health Information (CIHI), *How Healthy Are Rural Canadians? An Assessment of Their Health Status and Health Determinants* (Ottawa: CIHI, September 2006), p. v.

## Environment

As our scientific knowledge grows, so does our recognition of human interdependence with biological and physical environments. That has been most often brought to public attention by major disasters and crises, from the collapse of the cod fishery and desertification of agricultural land to the spread of the mountain pine beetle and melting ice caps. However, the complexity of interdependence should not be seen only in these widespread crises, for it is just as prevalent in more local events, such as the location of garbage dumps or urban sprawl.

Most of these environmental stresses directly affect rural areas, since they affect most of our natural resources. Canadians in general have an ecological footprint of about 7.1 hectares each, the seventh highest in the world.[24]

### Recognizing Environmental Interdependence

New York City recognized the value of an alliance with communities in the Catskill Mountains, the region from which it receives its drinking water. In exchange for maintaining the quality of those sources, New York provides funds for community development (www.epa.gov/owow/watershed/ny/nycityfi.html).

In recognition of that interdependence, Japan charges a surtax on water use that then goes toward rural development, while France does the same on food.

## Fiscal Crises

Typically, the economic base of Canada's rural communities is small. Each is an exposed, open economy, highly dependent on trade, external inputs (such as raw materials, services and government transfers) and external markets in the surrounding region or far beyond. In many communities, the local economy is quite stagnant, with little evident growth or diversification. It is often quite specialized and highly dependent on a single industry.

### Managing Boom and Bust

As a result of living intimately with the stresses of booms and busts, the Town of Inuvik has learned that social infrastructure is as important as physical infrastructure in managing these stresses. When the town built a new arena, rather than demolishing the old one, it converted it into a community greenhouse, which now serves as a social centre while providing vegetables that are sorely needed in the northern climate.

The current fiscal crisis has reawakened us to the boom-and-bust cycles of international finance. In spite of the relative security of Canada's banking system, we are vulnerable to world, and especially U.S., economic conditions. Rural areas are particularly affected, since they are so highly dependent on the commodity economy. When the construction industry falters in the U.S., our forest industry feels the effects; when the U.S. manufacturing sector declines, so does the demand for Canada's metals; and when the U.S. economy shrinks, Canada's energy industries face declining demand and revenues. All of these transnational changes have direct rural impacts.

The bust segment of the trade and business cycle also has important indirect effects that are particularly detrimental to rural areas. The job losses and declines in gross domestic product typically produce public pressure for action on employment and business support, often justifying the relaxation of environmental and commercial regulations, reductions in social spending, and protectionist responses by our sector-based agencies, communities and urban centres. All of these actions jeopardize our rural places, since these areas are most directly affected by environmental impacts, place the greatest per capita demand on social spending, and are least capable of defending their interests due to distance and population.

Economic diversification is most frequently suggested as a means to avoid the negative impacts of boom-and-bust cycles. That is particularly difficult for rural areas, since they are often dependent on one or two resources that are tied to geography and technology.

[24] WWF–World Wide Fund for Nature, *Living Planet Report 2008* (Gland, Switzerland: WWF, October 2008), p. 36.

## The Rural Infrastructure Challenge

Canada's thousands of rural municipalities face an array of formidable challenges, including the provision of adequate public infrastructure—roads, bridges, drinking water and public amenities. They do not have the financial capacity to meet these challenges, because of the revenue bases available to them and the level of services expected of them.

Rural areas play a critical role in building national wealth, but some of these communities are losing their capacity to foster economic activity and maintain quality of life. Programs and strategies to reverse this trend must avoid a one-size-fits-all approach by recognizing rural communities' unique challenges and opportunities.

The absence of broadband Internet significantly impedes rural economic development. Communities without broadband access are denied competitive advantages, such as electronic delivery of health and education services, and the ability to gain access to markets. Without adequate communications infrastructure, the service delivery capacity of these communities is much weaker than that of fully serviced urban areas.

Beyond traditional and communications infrastructure, successful economic development also requires social and cultural infrastructure, such as libraries, parks, post offices and community centres, to improve quality of life in rural communities. Although roads and bridges will do much to get people to rural communities, quality of life will ultimately influence their decision to stay.

Inadequate infrastructure to support health service delivery is a serious impediment to economic development in rural Canada. People in rural communities face major barriers to receiving health care because of their remote locations and the shortage of health professionals. Although health care is not generally a municipal responsibility, it affects municipal governments' ability to attract businesses and individuals to their communities, which makes it a municipal concern.

Rural municipal governments recognize that strategies to eliminate barriers to economic development must be accompanied by new and innovative approaches that will attract people to rural communities. They need infrastructure that connects them, not just to the rest of Canada, but also to each other and to their own residents. To attract the talent and skills necessary to sustain vibrant local economies, these communities must become attractive to young people, immigrants and Aboriginal people. In many cases, rural communities may attract retired Canadians, who bring their own demands for goods and services.

The federal government has provided billions of dollars in infrastructure funding support to rural communities during the past 15 years. But apart from the Goods and Services Tax Rebate and the permanent Gas Tax Fund, most federal funding programs have been short term and ad hoc. For rural communities to plan and build for sustained prosperity and growth, long-term funding must be protected and expanded.

## Rural Poverty and Income

It is instructive to note that the final report of the Senate Committee on Rural Poverty discusses a wide range of rural issues typically investigated outside of poverty studies.[25] It does so because the issues of poverty and income are intimately integrated with a wide range of economic and social factors, from employment and education to housing, transportation, infrastructure and social support.

Rural poverty is relatively invisible in comparison to urban poverty, but it is no less devastating for the men, women and children who face it daily. Unfortunately, many of the programs designed to provide a safety net or additional help for the poor are hampered in rural areas by increased distances or low population. In urban areas, public transportation is relatively cheap and available, which makes visits to the doctor, day care, training centre, employment insurance office or welfare office a relatively minor burden on the poor. In rural areas, however, one must have access to a car or truck to take advantage of these services. In addition, one will likely need to ask someone to manage children or chores while one is gone. Neighbours, family and friends often provide these services as part of the informal economy in rural areas.

[25] Standing Senate Committee on Agriculture and Forestry, *Beyond Freefall: Halting Rural Poverty* (Ottawa: The Senate of Canada, June 2008).

### Access to Rural Services

"First, you have to be able to get to Grey County social services to apply, which is a central location in Owen Sound. You have to view a film on the first day, go back another day for an interview and another day to see if you get it. Therefore, you have to be able to get there three times and then they send you a cheque if you get it, or a letter of denial. If you get a letter of denial, you then have to go to a tribunal, which could take months."

— Nancy Shular, vice-president of the National Anti-Poverty Organization, speaking to the Standing Senate Committee on Forestry and Agriculture regarding the Canada Assistance Plan, September 28, 2006.

## LOOKING BACK: THE EVOLUTION OF RURAL GOVERNMENT POLICY

The Government of Canada has itself argued on many occasions that it wants to promote the interests of rural Canada. It has made it clear that "the well-being of rural, remote and northern Canadians is a fundamental concern of all governments." We are also informed that "federal-provincial/territorial partners have agreed to work together to advance the vitality of rural communities."[26] The federal government explains its commitment to rural Canada this way: "Viable and sustainable rural communities are important to the vitality and prosperity of all of Canada, and the Government of Canada is committed to the economic and social renewal of rural Canada that will increase its vitality and prosperity."[27]

The Government of Canada has long provided special programs for rural Canada through the Department of Agriculture. In the early years, rural development was directly tied to agriculture. The link with the department remains evident to this day, even though agriculture employs many fewer people. The federal government also sought to deal with specific rural problems when it established the Prairie Farm Rehabilitation Administration (PFRA) in 1935 and the Maritime Marshlands Rehabilitation Administration (MMRA) in 1948.[28]

The Diefenbaker government launched a series of initiatives specifically designed for rural Canada in the late 1950s and early 1960s. In 1959, it sponsored a road-to-resources policy. In 1961, it introduced the *Agricultural Rehabilitation and Development Act* (ARDA), which was an attempt to rebuild the depressed rural economy and represented the federal government's first "regional" development program.

ARDA began as a federal-provincial/territorial effort to stimulate agricultural development and increase income in rural areas. It aimed to increase small farmers' output and productivity by providing assistance for alternative use of marginal land, creating work opportunities in rural areas, developing water and soil resources, and setting up projects designed to benefit people engaged in natural resource industries other than agriculture, such as fisheries. In 1966, the government introduced the *Agricultural and Rural Development Act* and adjusted the objectives of the program. ARDA was expanded to include more non-agricultural programs in rural areas, designed to absorb surplus labour from farming. Reducing rural poverty became ARDA's overriding objective.

The Fund for Rural Economic Development (FRED), introduced in 1966, applied only in designated regions with widespread low incomes and major problems related to economic adjustment. In the end, five regions were identified under FRED: the Interlake region of Manitoba, the Gaspé Peninsula in Quebec, the Mactaquac and northeastern regions of New Brunswick, and all of Prince Edward Island. Separate "comprehensive development plans" were then formulated for those five regions to develop infrastructure and industry.[29]

These initiatives were just the beginning. Rural development continued as Ottawa reinvented its approaches to regional economic development in, for example, the Area Development Agency and a number of federal-provincial agreements to support rural development through General Development Agreements (circa 1974–84) and Economic and Regional Development Agreements (circa 1984–94).

As a result, rural development was detached somewhat from the Department of Agriculture. It would have several homes in Ottawa's machinery of government in addition to the Department of Agriculture, notably the Department of Regional Economic Expansion (DREE), the Department of Regional Industrial Expansion, the Atlantic Canada Opportunities Agency, Western Economic Diversification Canada, the Economic Development Agency of Canada for the Regions of Quebec and FedNor (which works in northern Ontario). In the end, rural development was never a top priority for DREE or its successor departments and agencies, given their commitments to the growth pole concept and to a broadly defined economic region (for example, Atlantic Canada, Quebec or western Canada).

[26] Rural and Co-operatives Secretariat, *Making a Difference in Rural Canada: Annual Report 2002–2003* (Ottawa: Agriculture and Agri-Food Canada, 2004).

[27] Ibid.

[28] Donald J. Savoie, *Regional Economic Development: Canada's Search for Solutions* (Toronto: University of Toronto Press, 1992), chapter 3.

[29] Ibid., pp. 27–8.

That said, it is important to note that the federal government has continued to be active in rural development. Indeed, the federal government has never abandoned rural Canada to market forces. More recently, the federal government has turned to its Rural Secretariat to promote rural sustainability. One of the secretariat's objectives is to promote a greater understanding of the "unique needs" of rural communities through a "rural cross-cutting approach" involving federal government departments and agencies. Some 32 federal government departments came together in 1998 to form the Canadian Rural Partnership. In 1996, the federal government announced a 10-year infrastructure program and identified development funding for rural and northern communities and rural capacity-building. In 1997, the federal government appointed a minister responsible for "co-ordinating rural affairs." From 1997 to 2006, the federal government sponsored a number of specific initiatives, including more than 400 projects, to create sustainable community strategies.[30]

The secretariat's most recent annual report also documents a number of new initiatives sponsored by the Government of Canada for rural Canadians. Among many others, they include a National Rural Research Network (NRRN), measures to promote citizens' participation, community capacity-building and rural information services. The secretariat has five priorities: sustainable livelihoods, environmental stewardship, innovative approaches to rural infrastructure, engaged populations and institutions, and demographic adaptation. But that is not all. The Government of Canada also supports rural sustainability through its Community Futures Program.[31] The program is present in all regions of Canada and delivers a variety of services to small businesses, including financing and advisory services. It is designed to encourage a bottom-up, grassroots approach to economic development outside of major urban centres.

Although one can question its level of commitment or the priority it attaches to rural sustainability, it is clear that the federal government still sees a role for itself in rural Canada. What role should the federal government play in rural Canada and how should the machinery of government be structured to support this role?

## RURAL MATTERS! NATIONAL SYMPOSIUM

As part of its centenary celebrations, the Alberta Association of Municipal Districts and Counties (AAMDC) held a national symposium on rural issues called Rural Matters! The goal of the symposium was to bring together delegates from across Canada to discuss and analyze the many complex issues that affect rural Canada and the relationship between rural and urban municipalities across the country.

One objective of the national symposium was to encourage discussion and debate about the state of rural Canada. Another goal was to prioritize the issues that are facing rural communities across the nation, as well as highlighting existing best practices and hearing from elected officials, municipal staff, policy makers, academics and other rural experts on innovative solutions to address the challenges.

During the symposium, a series of interactive workshops was held that provided an opportunity for open and frank dialogue on issues, including rural governance, rural-urban interdependency, the environment, rural economics, the relationship between rural municipalities and Aboriginal communities, and youth in rural Canada. The workshops produced a list of seven rural priorities—some directed at provincial and territorial governments, some at the federal government, and some at more than one level—that provides a framework for working with all orders of government to build a sustainable rural Canada.

A final report on the symposium includes a review of the events and presents the seven rural priorities. The final report can be found at www.ruralmatters.ca.

The seven priorities identified at Rural Matters! are as follows.

- Increase co-operation and partnerships among rural municipalities, senior levels of government, industry, rural stakeholders and Aboriginal communities.
- Increase educational opportunities for rural Canadians by reducing the barriers to accessing post-secondary opportunities.
- Increase high-speed connectivity in rural and remote regions of Canada to ensure readily available access to critical information and to promote opportunities.
- Ensure stable, predictable funding for local and regional governments, not necessarily based on population.
- Establish a federal ministry dealing solely with issues and opportunities of rural and remote Canada.
- Establish a rural network to share best practices for rural economics, infrastructure, environment and governance across all jurisdictions of Canada.
- Communicate the messages from the Rural Matters! symposium to decision makers, rural organizations and community leaders.

[30] Canada, *Canadian Rural Partnership: Responding to the Needs of Rural Canadians*, 2004–2006, rural.gc.ca/annualreport/2004-06.

[31] See www.infoentrepreneurs.org/servlet.

## WHAT ROLE SHOULD THE FEDERAL GOVERNMENT PLAY IN RURAL SUSTAINABILITY?

There can be no definitive answer to the above question. It depends on the government of the day and on a number of other factors. Some political parties favour a laissez-faire approach to economic development, while others support public sector intervention. Some parties draw a large number of their MPs from rural areas, contributing a strong rural perspective to caucus deliberations. The government's fiscal ability to intervene is also an important factor. Spending proposals during the 1995–97 program review exercise, for example, had little chance of securing approval, whether they were for urban or rural development, regardless of their merit. In addition, some rural communities may have strong growth potential, with economic opportunities that qualify under continuing government programs, while other communities may have little to offer. There is no point in attempting to define, with any degree of precision, the federal role in promoting rural sustainability, because there are too many forces at play. Politics and political parties, by definition, promote different perspectives, solutions and policy prescriptions, and different communities have different potentials. What is true no matter which party holds power is that federal government programs in both the economic and social policy sectors have (or should have) an important impact on rural Canada.

The federal government has a multitude of responsibilities in rural Canada. It holds jurisdiction, for example, over agriculture and fisheries, and it is hardly possible to overstate the importance of Canada Post to rural Canada. The federal government invests billions annually in research and development initiatives, in transfer payments to the provinces and individuals—consider the importance of the employment insurance program to rural communities—and in tourism.

FCM estimates that since 1993 the federal government has invested close to $15 billion in municipal infrastructure, including billions of dollars in rural communities. The introduction and permanent extension of the federal Gas Tax Fund has given rural communities across the country a stable, predictable source of federal infrastructure funding. Most recently, the 2009 federal infrastructure stimulus plan provided $500 million in dedicated stimulus funding for smaller urban and rural communities.

The federal government holds jurisdiction over Aboriginal affairs, and the growing First Nations population tends to live in relatively small communities located away from large urban centres. Aside from the purchases of goods and services, reserve economies also tend to be isolated from the economies of surrounding communities.

Policies and programs are one thing. The capacity to weave the concerns of rural Canada, however defined, into federal policy and decision-making processes is quite another. A frequently expressed concern is the capacity or lack of capacity in the federal government to look at issues and public policy from a rural perspective and to generate a horizontal perspective within the machinery of government on the challenges and program requirements of rural Canada.

Public policies are shaped by many forces, including politicians, who are in turn influenced by interest groups, the media and policy advice from the public service. As observed elsewhere, politics in Canada is, by definition, a bottom-up process, with all voters having one vote. Its boundaries are defined by geography—by a constituency with community and regional interests to promote.[32] All politicians, but particularly those in Canada, view things through regional or territorial perspectives and look to the democratic process for guidance and a verdict on their performance. As many have observed, perception is reality in politics. Impatience rules in the political world. To an outsider, things appear far easier to fix than they do from within government departments. A long-term perspective in politics is four years, and its practitioners must always remain in tune with the voters, who may not understand why solutions are not always at hand or being implemented.

National political parties do pay close attention to rural Canada. The national caucus of the Conservative Party, for example, has established a number of committees or special caucuses to consider specific issues relevant to rural Canada, notably one to review farm issues and another to look at forestry. An official with the Office of the Chair of the National Conservative Caucus also reports that informal "caucuses" of MPs come together to review issues of mutual concern and that there is probably one on rural Canada.[33] The Liberal caucus has a rural caucus, which has been very active. It consists of 15 to 20 MPs and senators, and it meets weekly when Parliament sits. Recently, the Liberal rural caucus has produced a policy paper that looks at the socio-economic challenges confronting rural Canada and makes a number of recommendations, including new investments in projects to generate green energy (for example, wind farms), new investments in the geosciences, and funding to promote partnerships between rural and Aboriginal communities. It also calls for the appointment of a rural affairs minister.[34]

[32] Donald J. Savoie, *Breaking the Bargain: Public Servants, Ministers, and Parliament* (Toronto: University of Toronto Press, 2003).

[33] Telephone consultation with Amy Leindaber, November 9, 2007.

[34] National Liberal Rural Caucus, *Rural Canada: Sharing the Wealth Beyond Tomorrow* (Ottawa: The National Liberal Rural Caucus, undated).

The NDP recently asked its agriculture and agri-food critic to add rural affairs to his responsibilities. Although the party does not have sub-committees or caucuses, the Bloc Québécois has a number of MPs from rural Quebec and rural issues often dominate caucus deliberations.

Government bureaucracy, in contrast to the political world, works from the top down and transmits decisions and directives from higher to lower ranks. It consists of skilled policy analysts and administrators, and its boundaries are defined by hierarchy, not by geography. Its perspective is sectoral (for example, agriculture and energy). It is a very patient realm, which values consensus and considers itself the permanent custodian of society's problems. The prime minister and cabinet, meanwhile, are expected somehow to bring politics and bureaucracy together, and, in conjunction with Parliament, to express the public will and to establish the broad duties of the civil service.

The political world is sensitive to rural issues. For one thing, rural Canada has more MPs than urban Canada does. Canadian MPs invariably remain in close contact with their constituents, and they are there to represent and promote the socio-economic interests of their constituencies. There are also many occasions for MPs to voice rural concerns: in caucus, in parliamentary committees and in question period. The Senate has also taken a keen interest in rural Canada.

The Standing Senate Committee on Agriculture and Forestry launched an initiative to examine the dimensions and depth of rural poverty in Canada; to assess Canada's comparative standing in relation to OECD countries; to examine the key drivers of reduced opportunity for rural Canada; and to recommend measures to mitigate rural poverty.[35] The final report of this committee, *Beyond Freefall: Halting Rural Poverty*, was released in June 2008.

However, expressing the concerns of rural communities in national caucuses and in national political institutions does not automatically mean that they will be translated into concrete initiatives or that national programs will be adjusted inside government to accommodate better the requirements of rural Canada.

Things are different in the bureaucracy, where rural issues are not always heard. As one observer said, "The federal civil service is an urban institution." The great majority of civil servants live and work in urban areas—Ottawa, Toronto, Montreal, Winnipeg, Halifax, Calgary and Vancouver—and the great majority of them attended urban universities. Museums, cultural events, art galleries, the national media, government bureaucracies, the labour movement, research institutes, think tanks and lobby groups are, for the most part, urban institutions. In addition, government departments and agencies are organized around economic sectors, not geography, space or communities. The exceptions are the regional development agencies, but again, their focus is on broadly defined regions, not rural communities or rural Canada. In short, one can make the case, as many already have, that the bureaucracy has inherent biases and that one of these biases is a strong urban perspective.[36]

It may well be that promoting the concerns of rural Canada to the federal government requires pulling against gravity. The urban and federal government mindset will not automatically incorporate a rural perspective. For example, more than one million rural voters were disenfranchised through a change to Canada's *Elections Act*. The change required each voter to produce proof of identity and residential address before casting a ballot. Those who drafted the proposed changes simply ignored the fact that many rural Canadians have post office boxes as addresses.[37]

## The Rural Secretariat

Against this backdrop, the Rural Secretariat at Agriculture and Agri-Food Canada tries to promote a rural perspective. To be sure, it will find more allies among politicians than in the bureaucracy. However, secretariat staff members are professional, non-partisan public servants who will, quite properly, not be drawn into partisan political debates. As a result, they must be careful to avoid becoming a target for politically partisan purposes. The secretariat's stated purpose is to act as a "focal point for the Government of Canada to work in partnership with Canadians in rural and remote areas to build strong, dynamic communities."[38] It carries out research, promotes networking, and provides one-stop access to information of particular interest to rural Canadians.

One of the secretariat's initiatives involves what it labels "rural lenses." The lenses initiative is designed to raise awareness of rural issues in federal departments and agencies, and to "highlight rural and remote implications for consideration by the federal Cabinet when assessing the impact of new federal initiatives."[39]

The secretariat will turn to the following questions to promote its "lenses" initiative.

- How is this initiative relevant to rural and remote Canada?

[35] Standing Senate Committee on Agriculture and Forestry, *Understanding Freefall: The Challenge of the Rural Poor* [interim report] (Ottawa: The Senate of Canada, December 2006).

[36] B. Guy Peters, *The Politics of Bureaucracy* (London: Longman, 1995).

[37] "Changes cut off rural voters: watchdog," *Times and Transcript* (Moncton), October 24, 2007, p. 1.

[38] Rural Secretariat, "What Is the Rural Secretariat?" [website content], www.agr.gc.ca/policy/rural/about_e.html.

[39] www.rural.gc.ca/checklist.

- Is the impact specific to a selected rural or remote environment or region?
- Have likely positive and negative effects on rural Canadians been identified and, where relevant, addressed?
- Is the initiative designed to respond to the priorities identified by rural Canadians?
- Have rural Canadians been consulted during the development or modification of the initiative?
- How is the benefit to rural Canadians maximized? (For example, does the initiative include co-operation with other partners, development of local solutions to local challenges and flexibility in decision-making?)

Rural Canadians and the secretariat have identified several priority areas to guide the secretariat's work and activities. They include the promotion of rural Canada as a place to live, work and raise a family; the development of skills and technology that will allow rural residents to participate in the knowledge-based economy; and rural community capacity-building.

With limited resources, the secretariat seeks to influence a wide array of policy issues and a multitude of government organizations large and small, as well as submissions that go to cabinet. It must compete with other departments, agencies and secretariats, all of which are trying to influence federal policy and decision-making processes. Rural concerns must compete for attention with regional development concerns, the promotion of official languages throughout government and the environment, among other issues. For these and other reasons, government managers implementing sectoral programs in transport, industry and energy now suffer from an overload of horizontal issues to deal with, and it is in this environment that the secretariat must operate.

The secretariat also has another important limitation—it has limited staff to influence the federal government's policy and decision-making processes, and the numerous policy proposals coming before cabinet every month. The secretariat has 100 person-years spread over six regional offices, with its head office in Ottawa. It can only dedicate 10 person-years to the federal government's policy-making process. In addition, the secretariat resides within Agriculture and Agri-Food Canada and must, at times, compete with its parent department for time to brief the minister before cabinet meetings, since it does not have direct access.

### Horizontal Policy Development

It is difficult to overstate the point that, in many ways, every issue in government is now horizontal. Public servants have been told repeatedly they must "work horizontally" and pursue government-wide objectives more vigorously.[40] Prime ministers and clerks of the Privy Council have stressed time and again, at least for the past 15 years, the importance of pursuing government-wide objectives.[41] However, saying that horizontality is important and delivering the goods on horizontality are two different things. Government-wide objectives and horizontality have to deal with the individual accountability of ministers and also compete with activities that contribute to the mission and successes of individual departments and agencies.

In 1995, the clerk of the Privy Council established the Task Force on Managing Horizontal Policy Issues to develop practical recommendations for improving policy co-ordination within the federal government. The task force concluded that it did not "discover new and revolutionary approaches to managing horizontal issues but rather some simple, straightforward common-sense initiatives that can improve the quality of policy development."[42] The task force underlined the importance of the working relationships within cabinet, between ministers and their senior advisors, and among departments, and of a culture that promotes "collaboration and teamwork within the public service."[43]

## CONCLUSIONS

Urbanization, international trade, immigration, environmental stress and past political agendas have created a legacy of significant change in the organization of rural society, often creating hardship and anxiety as livelihoods are undermined and traditional support networks prove inadequate. But these changes have also opened new opportunities for reversing those misfortunes on behalf of all Canadians. Government response, led by the Government of Canada, is needed to build and exploit those opportunities.

Mechanization and improvements in transportation have placed considerable stress on many of our remote places by lowering population levels, but these changes have also sustained our national accounts and kept our standard of living among the highest in the world. Immigration has largely reinforced the urban-centric face of population growth, but there are instances of spectacular integration of new Canadians in rural places. Failing fish stocks, spruce budworm, the mountain pine beetle, extreme weather and

[40] See, among others, Deputy Ministers' Task Force on Horizontal Policy Issues, *Managing Horizontal Policy Issues* (Ottawa: The Privy Council of Canada, July 8, 1996).

[41] See, among others, various annual reports on the state of the public service prepared by the clerk of the Privy Council and secretary to the cabinet.

[42] *Managing Horizontal Policy Issues*, p. 1.

[43] Ibid., p. 5.

the warming of our northern regions are all indicators of environmental stresses that directly affect rural areas. They have also demonstrated the remarkable capacity of rural communities to organize in the face of these challenges.

For many municipal governments in rural, remote and northern regions, economic uncertainty impedes efforts to sustain financially viable communities. Economic development and diversification of these communities will make them less dependent on single industries and natural resources and will mitigate the strains municipal governments face in coping with a boom-and-bust local economy. The provision of adequate public infrastructure is even more critical for rural, remote and northern economies that must overcome or compensate for limited accessibility and economies of scale in order to compete effectively.

An effective response to these challenges has to address rural development policies and programs of all orders of government. The economic base is the central factor in the fiscal viability of the majority of rural municipalities—a pivotal means to the ends. For the most part, each order of government has separately undertaken visions and strategies for rural sustainability. However, efforts must be made to integrate and co-ordinate policies and programs among all governments and to avoid a one-size-fits-all solution by recognizing the unique challenges and opportunities that exist in rural, remote and northern communities.

Dealing appropriately with these conditions can have significant positive returns for urban centres. Urban economies continue to rely on rural areas for natural resources, food, water, waste management, carbon sequestration and recreation. It makes sense, therefore, to consider these new initiatives as urban investments as much as rural ones.

So, what are the solutions?

# RECOMMENDATIONS FOR SUSTAINING AND BUILDING RURAL CANADA

The following recommendations for the Government of Canada will help equip rural Canada to meet its economic, social and environmental challenges.

1. **Rural Canada needs a champion at the federal cabinet table to drive and sustain change, and to integrate and co-ordinate action by various federal departments.**

2. **Rural communities need enduring commitments—a long-term plan—from the Government of Canada to ensure that rural priorities receive the sustained resources and attention required to tackle problems with deep roots and to implement strategies with long time horizons.**

3. **A one-size-fits-all approach to rural policy-making will not work. Solutions must be tailored for and responsive to the diversity of rural Canada.**

   Academics and practitioners have, over the years, produced suggestions to strengthen horizontality and policy co-ordination in government, and the number of such proposals has become downright voluminous in recent years.[44] Some authors have identified conditions for enhancing horizontality, which include clear goals, a widely held consensus that co-operation is the best way to proceed, identification of a win-win approach, leadership from top management, open communications, clear expectations for roles and responsibilities, commitment to a positive work environment and commitment to continuous learning.[45]

   Other authors insist that trust is necessary before horizontality and effective policy co-ordination can take root. They add that trust needs to be process based, character based and institution based.[46]

   B. Guy Peters carried out a study for the Government of Canada to explore ways to strengthen "horizontal government." He maintains that the failure to work horizontally in government often occurs at the policy level rather than at the management or implementation level. He looked at the work of central agencies and concluded that "central agencies can play a significant role in creating coordination, but they also can generate substantial conflict with the line organizations actually providing public services."[47] Peters reviewed the pros and cons of assigning policy co-ordination to a senior minister or a junior minister (senior ministers may be too busy managing their portfolios or departments, while junior ministers may not have the necessary political

[44] For a review of the topic, see Samuel Steinberg et al., *The Management of Horizontal Issues: An Annotated Bibliography* (Ottawa: Canadian Centre for Management Development [CCMD], 2000).

[45] L. Bourget and K. Ryan, "Twelve Conditions for Collaboration," *Journal for Quality and Participation*, vol. 22, no. 3 (May 1999).

[46] C. Lane and K. Bachman, *Trust Within and Between Organizations: Conceptual Issues and Empirical Applications* (New York: Oxford University Press, 1998).

[47] B. Guy Peters, *Managing Horizontal Government: The Politics of Coordination* (Ottawa: CCMD, 1998), p. 29.

clout to be effective). He looked to "projets de mission," as in France, and "Projektgruppen," as in Germany, to guide the work of line departments. He also looked at the budget process and informal networking within the public service to promote horizontality.

The Canadian government also asked two academics to review its "horizontal challenge." They consulted a number of public servants in producing their reviews and arrived at a number of observations and suggestions. They argued that the cost of working horizontally is higher than is generally assumed; that central agencies play a key role in large-scale horizontal initiatives; and that working horizontally inside government requires new abilities such as negotiation, communication and mediation skills.

They recommended that efforts be made to clarify mandates, establish authority and reporting requirements, ensure stronger policy expertise in central agencies, provide for strategic funding, recruit staff with horizontal skills, and create special units in departments with a mandate to promote a horizontal culture.[48]

This review suggests that no one has been able to uncover the philosopher's stone that can put horizontality right, which has been described as a fundamental and permanent problem of governance. Many reforms have been introduced over the past 30 years or so, but all have left their proponents wanting. To add to the difficulty, more and more of the issues facing governments are horizontal. The result is that rural Canada must compete with an increasing number of high-priority, cross-cutting issues and an overloaded policy agenda. Are changes to the machinery of government invariably the answer? If they are, what changes ought to be introduced?

The easy answer is that we need a widely held culture within government that values horizontality and understands rural Canada. Decision makers should accommodate rural concerns in their decision-making every day. They should be sufficiently aware of and sensitive to rural issues that they know intuitively how to adjust their programs and activities to accommodate the realities of rural Canada.

That is the easy answer, but a change in culture is not going to take root simply because it is desirable or because rural Canada and rural MPs would like to see it happen.

A change in culture that would bring the concerns of rural Canada front and centre in federal policy and decision-making processes requires political will and a clear message from the country's political leadership, as well as new instruments and processes that will give life to rural issues in the federal government. In short, a change in culture will not occur in a vacuum.

What about the machinery of government? Here, we can draw on experience, since it seems that everything has been tried to promote horizontal issues,[49] although nothing has succeeded completely. For this reason, we do not recommend major changes in the machinery of government, such as establishing a new central agency or even a new unit in a central agency.

It is not possible to overstate the case that political will expressed through a strong, clear and sustained political message is needed for rural concerns to enjoy priority status on the federal government's horizontal policy agenda. As already noted, the federal agenda is crowded with horizontal issues, all vying for priority status. The ones that matter most are the ones that the prime minister and key senior ministers want to pursue. There is simply no substitute. Without clear political commitment at the top, rural issues will join the ranks of many cross-cutting issues enjoying some success, but not in a sustained fashion. In brief, no tinkering with the machinery of government can ever make up for the lack of political will to make rural Canada a priority issue in the federal government.

4. **The Government of Canada must ensure it provides the necessary machinery, with the appropriate departmental structures, mandates and resources—such as an empowered Rural Secretariat, for example—to support an enduring, horizontal, collaborative and well-resourced commitment to building and sustaining rural Canada, now and in the future.**

We are convinced that rural concerns need a home inside the machinery of government. Without a bureaucratic home, rural Canada would become dependent on rural MPs to give voice to its concerns. Rural MPs do not always have the expertise, the time or the access to the bureaucracy to give life to rural issues within government. The suggestion that the secretariat could be abolished to make the responsibility for rural Canada a matter for all departments and agencies holds little merit. Experience reveals that responsibility for an issue spread across many departments means an issue has no home.

We can think of no better home for the secretariat than Agriculture and Agri-Food Canada. Although rural Canada has outgrown the department, Agriculture and Agri-Food Canada is closer to rural Canada than any other department. Departments such as Industry

[48] Herman Bakvis and Luc Juillet, *The Horizontal Challenge: Line Departments, Central Agencies and Leadership* (Ottawa: CCMD, 2001).

[49] Strategies have included establishing dedicated central agencies and co-ordinating committees of deputy ministers, designating champions in departments, and designating a senior minister, a junior minister or a parliamentary secretary for a special purpose.

Canada would not see rural Canada as suiting their mandate. Regional development agencies would have a better disposition toward rural Canada, but shifting the secretariat to the agencies would leave most of rural Ontario and the North without representation inside the machinery of government. In addition, regional agencies have mandates that look to urban areas as much as rural communities.

However, the secretariat needs a higher profile to be effective. It must compete with departmental priorities and perspectives as it seeks to brief the minister to intervene both in cabinet and in the system to influence the policies and activities of other departments. The secretariat's status needs to be enhanced so that it has direct access to a senior minister. The trade-off between the concerns of Agriculture and Agri-Food Canada and rural issues should be made at the political level, not inside the department.

We can only applaud the government's decision to give the secretariat the capacity to bring a rural perspective to cabinet proposals coming from line departments and agencies. In addition to direct access to a senior minister, the secretariat needs the proper level of resources to pursue this mandate. It is beyond the scope of this report to assess the level of financial and human resources or the proper policy framework required to promote rural sustainability in Canada. Whatever the appropriate policy framework, there is an ongoing need to bring rural concerns and issues to the attention of policy makers and of all Canadians. The Rural Secretariat should look to a variety of instruments to promote visibility for rural issues, to strengthen its capacity to network and to enhance horizontality in pursuing rural sustainability. It should also look to building bridges to groups outside government with an interest in rural matters.

5. **The vision and strategy for rural sustainability must be developed across departmental silos and in partnership with all three orders of government, industry and community groups.**

The secretariat should hold an annual summit that would bring together parties interested in rural Canada. If the federal government's political executive decides to rank rural Canada as one of its top priorities, it should be easy to secure the prime minister's participation and that of senior ministers, as well as the resources needed to hold the summit, the attention of the national media and key stakeholders, and the interest of all relevant federal departments. The purpose of the summit would be to take stock of rural issues, determine what has been accomplished to date and anticipate emerging challenges. The summit should lay the groundwork for developing a policy agenda for rural Canada, from a horizontal perspective, and identify instruments to promote rural Canada as a key horizontal issue to be pursued within the federal government.

Important lessons can be learned from past efforts to promote rural Canada and its concerns. It would be best, as Don Johnson, chair of FCM's Rural Forum, argued in an interview, to arrive with a positive message and solutions rather than simply criticizing what government has done or not done. An annual summit, to which a number of key policy actors would be invited to participate, take stock and plan new approaches to the challenges confronting rural communities from a positive perspective, holds considerable merit.