

# THE ABSENCE OF OPPORTUNITY: Understanding the Dynamics of Intra-Provincial Migration Within Newfoundland and Labrador

BY SCOTT LYNCH

*Historically, the fishery has provided the economic base for all regions in Newfoundland and Labrador, but this is no longer true. The lost opportunities resulting from the decline in the fishery have been replaced with the increased opportunities coming from oil and mineral development, as well as from the “new economy” (information and communications technology, biotechnology, etc.), which are mainly located in the Northeast Avalon. What does this mean for rural areas whose economic base was the fishery?*

*This article is an effort towards describing the economic and geographical landscape that faces policy-makers who are tasked with promoting economic growth in general and maintaining a commitment to rural economic development.*

## **The Loss of the Economic Base**

The economic base of a region is defined as an industry or a collection of industries that is disproportionately important to its economy. That is, other economic industries depend on the operation of the economic base but not vice versa, at least not to the same extent. Thus the base industry can be regarded as being autonomous while the other industries are dependent. By implication, removing base industries would reduce the GDP of the region more than their direct contribution to the GDP as measured by the national economic accounts.

Using this definition, it is clear that the fishery has traditionally been the economic base of Newfoundland and Labrador, and especially of the rural parts of the province. But since the imposition of the moratorium on cod fishing in 1992, the fishery has ceased to employ as many people in as many communities, and therefore the view that the fishery remains the economic base of rural Newfoundland and Labrador is no longer valid. Without an economic base, rural areas of the province have witnessed a decline in economic activity and a shrinking population.

In the absence of an economic base, recent demographic evidence suggests that the people of rural Newfoundland and Labrador are swimming against two strong tides. The first is a tidal bore that is purging young and highly-skilled knowledge workers from Newfoundland and Labrador to regions of Canada where economic opportunities are more abundant. The second is the lure of urban Newfoundland and Labrador (especially the Northeast Avalon), where there is greater access to education, health care, and employment opportunities.

If present patterns of intra-provincial migration continue, the population of rural Newfoundland and Labrador will keep shrinking, which will have a negative impact on the growth rate of both human and physical capital formation. It will have an adverse effect on the standard of living in rural Newfoundland and Labrador, which, in turn, will create shortages in the availability of skilled workers, a decline in innovators and entrepreneurs, dwindling markets for goods and services, and problems associated with caring for an aging population.

Census Division	Population Change	Number of communities which...	
		...gained people	...lost people
01 Avalon Peninsula-St. John's	5,543	31	62
02 Burin Peninsula-Marystown	-2,073	4	30
03 South shore-Channel-Port aux Basques	-1,684	3	22
04 Southwest-Stephenville	-994	2	12
05 Bay of Islands/White Bay-Corner Brook	339	11	14
06 Central-Grand Falls-Windsor	0	8	8
07 Bonavista Bay and Peninsula-Clareville	-1,834	8	32
08 North coast-Lewisporte	-3,251	8	54
09 Northern Peninsula-St. Anthony	-2,007	3	31
10 Labrador-Happy Valley-Goose Bay	-1,280	4	16
11 Labrador	-220	1	4
Net Change 2001-2006	-7,461	83	285

Source: Statistics Canada 2006 Census and Author's Calculations

## The Demographic Evidence

Intra-provincial migration since 2001 has resulted in people moving out of rural areas into more urban areas of the province. Table 1 presents the population change between 2001 and 2006 for each census division in Newfoundland Labrador.<sup>1</sup> We can see that there are two regions where there was positive population growth, one region where there was no change, and eight regions where there was a decrease in population. The regions that experienced negative population growth are rural regions where economic opportunities are scarce and unemployment is high.

As expected, the region which gained the most population is Avalon Peninsula-St. John's, where the population increased by 5,543. The region showing the greatest decline is Division 8, North Coast-Lewisporte, where the population decreased by 3,251.

Table 1 also illustrates the number of communities which lost or gained people. Even though the Avalon Peninsula-St. John's region experienced in-migration, there still were 62 communities with negative population growth. In total, 285 rural communities within Newfoundland and Labrador experienced negative population growth. If this trend continues, the economic viability of large parts of the province will be in jeopardy due to the number of people leaving.

The upper part of Table 2 shows the top 5 communities with the largest population increases between 2001 and 2006. The increase in the Avalon Peninsula-St. John's region seems to have occurred mostly in the suburbs of the capital city;

	Population		Change	% Change
	2006	2007		
Top 5 Communities Where There Was An Increase in Population				
Paradise	12,584	9,598	2,986	31.1%
Conception Bay South	21,966	19,772	2,194	11.1%
St. John's	100,646	99,182	1,464	1.5%
Torbay	6,281	5,474	807	14.7%
Portugal Cove-St. Philip's	6,575	5,866	709	12.1%
Top 5 Communities Where There Was a Decrease in Population				
Placentia	3,898	4,426	-528	-11.9%
Stephenville	6,588	7,109	-521	-7.3%
Labrador City	7,240	7,744	-504	-6.5%
Marystown	5,436	5,908	-472	-8.0%
Happy Valley-Goose Bay	7,572	7,969	-397	-5.0%

Source: Statistics Canada 2006 Census and Author's Calculations

while the population of St. John's proper increased by less than 2 per cent, the population of the Town of Paradise experienced a 31 per cent increase and the populations of Torbay, Portugal Cove-St. Philip's, and Conception Bay South increased by 14.7 per cent, 12.1 per cent and 11.1 per cent, respectively.

The lower part of Table 2 shows the negative population changes in some of the province's larger rural communities. The Town of Placentia experienced an 11.9 per cent decrease in its population and the populations of Marystown, Stephenville, Labrador City, and Happy Valley-Goose Bay decreased by 8 per cent, 7.3 per cent, 6.5 percent, and 5 percent, respectively.

## Government Interventions

Considerable efforts have been made by both levels of government to stabilize the population in rural Newfoundland and Labrador. For example, Table 3 presents, for each census division, the percentage of total income that is due to government transfer payments in the year 2006. We can easily see that government transfer payments as a percentage of total income are significantly higher in rural areas of Newfoundland and Labrador (excluding Division 10, which includes most of Labrador). For example, government transfer payments represented 35 per cent of total income of those who lived in Division 8 (North Coast-Lewisporte) – the region showing the largest decline in population. For rural areas (again excluding Labrador), there appears to be a direct relationship between government transfer

Region	Government transfers as a % of income			Median Age	Median income (full-time)	% of jobs that are full-time
	Total	Male	Female			
01 Avalon Peninsula-St. John's	16.0	12.9	20.3	40.2	\$38,465	48.7
02 Burin Peninsula-Marystown	30.1	26.0	37.0	43.5	\$32,818	26.0
03 South shore-Channel-Port aux Basques	30.7	25.7	39.7	44.6	\$35,988	26.7
04 Southwest-Stephenville	30.9	28.3	34.4	44.7	\$33,020	31.9
05 Bay of Islands/White Bay-Corner Brook	20.7	17.3	25.6	43.1	\$34,935	42.6
06 Central-Grand Falls-Windsor	20.3	16.3	26.8	42.9	\$36,203	44.1
07 Bonavista Bay and Peninsula-Clareville	30.6	26.1	38.5	45.1	\$31,766	29.8
08 North Coast-Lewisporte	35.0	31.9	40.3	45.3	\$30,029	21.7
09 Northern Peninsula-St. Anthony	34.4	32.2	37.7	44.3	\$32,435	20.5
10 Labrador-Happy Valley-Goose Bay	11.1	8.3	17.0	36.0	\$50,429	45.6
11 Labrador	20.7	20.0	21.9	27.8	\$39,808	30.8

Source: Statistics Canada 2006 Census

Community	Population		Change	% Change
	2006	2001		
Burin	2,483	2,712	-229	-8.4
St. Lawrence	1,349	1,558	-209	-13.4
Lawn	705	779	-74	-9.5
Lord's Cove	207	234	-27	-11.5
Fortune	1,458	1,615	-157	-9.7
Grand Bank	2,580	2,841	-261	-9.2
Marystown	5,436	5,908	-472	-8.0
Total	14,218	15,647	-1,429	-9.2

Source: Statistics Canada 2006 Census and Author's Calculations

payments and population change; that is, the greater the population decrease, the greater the percentage of income from government transfers.

Does this suggest that, if government cuts transfer payments to these regions, the population of rural Newfoundland and Labrador will increase? The answer to this question is obviously no. The relationship between the two variables is not contemporaneous. Rather, the level of government transfer payments reflects the effort of the government to sustain the population base in rural Newfoundland and Labrador in the midst of a declining economic base.

Table 3 includes other data describing the economic conditions in the census regions. Of some interest is the significant gender difference across all regions as regards government transfers; a significantly larger percentage of women's incomes is comprised of government transfers than is the case for men's incomes. And people living in rural regions tend to be older, have lower median incomes than their urban counterparts, and possess fewer full-time jobs (and more seasonal and part-time jobs).

Not surprisingly, many of the communities which lost people have some attachment to the fishery.<sup>2</sup> Take for example the Burin Peninsula (census division 2); as of December of 2006, there were 7 fish plants located in the communities of Marystown, Grand Bank, Fortune, Lord's Cove, Lawn, St. Lawrence, and Burin. As Table 4 shows, the population in these communities decreased in aggregate by 9.2 percent (or 1,429 individuals) between 2001 and 2006.

Of course, out-migration of people associated with the fishery is not unique to the Burin

Peninsula. There are another 136 seafood processing facilities in the province in 61 communities outside the Burin Peninsula, that have all experienced a population decline. (Actually, the number of negatively affected communities is much larger, since many fish plants are staffed and supplied by workers and fishers based in surrounding communities.)


### What This All Means

The foundation of the Newfoundland and Labrador economy was once based on a renewable resource that sustained the population in rural regions. But the fishery has undergone a profound structural change brought on by government mismanagement of the industry.<sup>3</sup> The disappearance of the traditional ground fishery has been replaced by the shellfish fishery, resulting in excess capacity in the harvesting and processing sectors. The economics of the fishery dictate that there will be continued efforts to rationalize the industry and close fish plants. The industry will remain important in some rural regions but it won't be the employment generator it once was. If there are no sustainable economic opportunities in rural areas, individuals will eventually leave to find work. Migration patterns over the last 30 years bear this out.

Attempts by both levels of government to maintain the population base in rural Newfoundland and Labrador have so far failed. The populations of the urban centers in Newfoundland and Labrador are expanding because individuals are moving to improve their relative economic conditions. Off-shore oil development, mineral development, and the

agglomeration economies associated with urbanization have created favorable employment conditions in the greater St. John's area and, to a much lesser degree, in the Bay of Islands/White Bay-Corner Brook and Central-Grand Falls-Windsor regions.

If there is a commitment to repopulate rural Newfoundland and Labrador, how should this be done given the current economic and demographic landscape? The returns from offshore oil and mineral development are finite and should be invested in activities that will produce sustainable economic returns. The challenge for policy-makers is to produce conditions that are necessary to sustain economic development in rural Newfoundland and Labrador. A declining population combined with increased urbanization may create a potential dilemma for policy-makers who are committed to both maximizing economic growth and to regional economic development. In a perfect world, there would be no tradeoff between the two objectives; managed properly, wealth generated by renewable resource activities would be self-sustaining and the economic activity

generated by exploitation of nonrenewable resources would be transferred to sustainable economic development. Unfortunately the world is not perfect. 

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<sup>1</sup> The census divisions are shown in the accompanying map; census divisions 1 (St. John's), 5 (Gander and Grand Falls-Windsor), and 6 (Corner Brook) are considered urban while the remainder are considered rural.

<sup>2</sup> Communities with an attachment to the forest industry have also been negatively impacted.

<sup>3</sup> See Schank 1995 and Roy 1997 for a discussion of problems in the Newfoundland fishery.

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