

The Rural West

Diversity and Dilemma

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Background

There is no doubt that parts of the rural West face major challenges and dilemmas. The proportion of the West's population that is rural has been in marked decline for decades and rural residents are relocating to the fringes of the cities. Rural incomes are low, with some regions of the rural West having been particularly hard hit by economic changes over the last two decades. The rural West does not attract its share of international immigration and attracting a labour force to rural areas can be costly.

The region is similarly marked by prosperity and opportunity. There is a strong base of renewable resources, which feeds the economic growth of the region as a whole. Employment diversification has occurred to the point where the mix of jobs in rural and urban settings are becoming markedly similar. There has been tremendous population growth in parts of the rural communities that has brought wealth and prosperity to parts of the region.

This seemingly contradictory rural canvas is explored in *The Rural West: Diversity and Dilemma*, the first of three Canada West Foundation studies that look at the relevant data on *western* rural issues in an attempt to further our understanding of the myths and realities of this important region.

Summary of Findings

- Across the West, the rural population has increased by 3% over the past 50 years and by 1% over the past 20. Only Saskatchewan has witnessed an absolute decline in rural population.
- Urban population growth in western Canada has significantly outpaced rural growth. Between 1971 and 2001, the proportion of the western population which lives in rural areas decreased from 29.7% to 20.4%.
- The current migration trends demonstrate that across the West increasingly more people are moving to the rural areas on the fringe of cities. These metro-adjacent rural areas have grown 24% from 1981 to 2001.
- Young people between the ages of 15 and 24 accounted for most of the net loss in rural migration across the West for the period 1991-1996. For persons of working age (25-65), each of the rural western provinces actually gained residents through migration.
- Rural income disparities between the provinces are rather large. In 2000, the average total rural income in BC was \$50,984, followed by Alberta at \$49,387—more than \$8,000 (15%) above total rural incomes in Saskatchewan (\$41,353) and Manitoba (\$40,736). The Manitoba and Saskatchewan totals are also below the national rural average of nearly \$46,000.
- Nearly two-thirds of employed persons in the rural West (64%) are employed in service-related positions. The rural region has responded well to the need to retool itself in a service driven economy as changing employment trends have brought growth industries of trade, health care, manufacturing and tourism to greater prominence in the area.
- Rural household expenditures are less in absolute terms than are urban household expenditures. In British Columbia, expenditures by rural households are only 87% of those in urban households; 80% for Alberta, 75% for Saskatchewan, and 89% for Manitoba.

Summary of Findings (continued)

- Rural residents are somewhat more likely to identify with their local community and province than are urban residents
 who, in turn, are more likely to identify with broader political communities—Canada, North America and the world.
- The attitudinal differences between urban and rural residents are not particularly pronounced. By and large, urban and rural western Canadians live within a common media environment and both have been shaped by common educational curriculum and experiences. The rural and urban worlds in western Canada co-mingle in so many respects that the cultural distinctions are not great.

Policy Implications

- It is difficult to make sweeping generalizations or judgments on the rural West as a whole. There is no "one size fits all" policy solution for the West, and the issue may be as complicated as requiring a community by community solution.
- The lines between the urban and rural Wests are increasingly blurred. Rural residents are often entangled in the urban economy, and urban residents are episodically part of the rural West through their recreational and business pursuits. While we all live predominantly in one form of community or another, urban or rural, few of us live exclusively in one.
- Documenting the existence of an urban-rural gap, or even rural-rural gaps, is not a call for governments to "close the gap." Some of those gaps may be beyond the reach of public policy, reflecting as they do a transformation of western industrial states that has been going on for centuries.
- The economic pressures on rural communities cannot be automatically equated with economic hardship. Even though a great deal of contemporary policy work identifies urban centres as the drivers of the new knowledge-based economy, in many respects rural communities are doing quite well.
- A multitude of reasons remain to pull immigrants and young persons towards the cities that won't easily be overcome by policy. Increasing the flow of international immigration into the rural West through community development projects may not succeed against a city's appeal to the urban backgrounds of most immigrants, and the strength of ethnic communities in the West's major urban centres.
- The rural West is already considerably diversified; economic development strategies need to be more sophisticated than merely bringing new industry to the West. The rural West lacks the human capital and industrial infrastructure to accommodate many types of economic activity and new development needs to recognize these limitations. While there may be pockets of ready labour in some rural regions, it is not reasonable to believe that this labour pool can plug into any project with the same levels of success.

Methodology

This report is based primarily on Statistics Canada data obtained by CWF. The data and analysis use seven different technical definitions of rural, based on the definition used by the original survey source and, therefore, readers are encouraged to examine the accompanying notes regarding what segments of the population are being captured within any particular table or figure.

1.0 Introduction

The rural West appears, at times, to be both on the edge of extinction and the edge of opportunity. Optimism and despair alternate within the communities which make up the rural West as they react to Canada's changing economic and political landscape.

The rural West, resource rich but lacking in concentrations of labour, is attempting to span the gap between prosperity and poverty on the strength of its natural resources and other economic advantages. However, basing its prosperity on its strengths raises concerns about resource sustainability and renewal, environmental damage, and the negative impact on the rural social fabric and "way of life."

Although there is a commonly agreed upon geographical concept of the rural West – one which encompasses the bulk of the land area between the Ontario/Manitoba border and the Pacific Ocean – there is no similar understanding of its political, economic, social and demographic characteristics. Images of farmers and wheat may dominate our perceptions of this vast area, but the rural West is decidedly not only a farming region. In fact, less than 25% of western Canada's rural population is farm-based.

The more appropriate image of the rural West is that of a vastly diverse canvas of several hundreds of thousands of lakes and rivers, millions of acres of forests, thousands of farms and ranches, vast mountain ranges, tiny villages and small towns.

The urban West is made up of islands of frenetic activity surrounded by the rural West, which supplies it with the labour and natural resources that feed the western economy. The rural economy, its people and social fabric, are, however, subject to the same global trends that impact all of western Canada: increased international migration, patterns, the competition to attract and retain workers, the shifting employment market to service-based industries, the effects of global trade liberalization and the advances in manufacturing technology.

Our thinking tends, too often, to focus on the differences between rural and urban regions, on the inequality of opportunity between these seemingly have and have-not areas. This focus on differences offers little means to change local policy or alter approaches in the rural regions. Rural centres are not able to adopt the policies that have led to the growth of urban areas.

Our understanding of rural opportunities and challenges is better served by examining the impact that varying population densities and distances to markets have on rural regions' economic performance and quality of life. This focus will advance our understanding of the nature of the diversity and opportunity within the rural West itself.

The Rural West: Diversity and Dilemma is the first of three Canada West studies that will define and distinguish the rural West as a region. The paper uses a number of different reference points and definitions for the notion of the rural West. This ambiguity is unavoidable as the term "rural" itself is a somewhat abstract concept. Definitions range from qualitative understandings of the rural way of life to quantitative models based on the population densities of small census areas (du Plessis et al 2002).

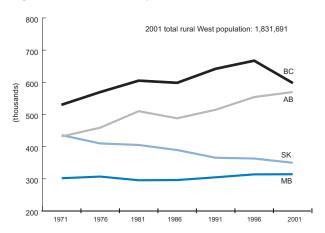
For our purposes, rural regions are those not heavily influenced by census metropolitan areas (CMAs) or census agglomerations (CAs). This being said, the data and analysis that follow actually use seven different technical definitions of rural, based on the definition used by the original source. (Although the most recently available data were used to inform this analysis, much of the 2001 Census data remains unreleased.) Because of these varying sources and definitions, readers are encouraged to examine the accompanying notes regarding what segments of the population are being captured within any particular table or figure.

Overall, the notion of rural Canada is not well understood or consistently defined by either the public or the research community. Consequently, data on rural regions, particularly it relating to economic performance of the region, are not available. To the extent possible, our analysis will attempt to bring western rural issues into focus and highlight the unique characteristics of the region within the limitation of the available data.

2.0 Population

For most of the last century, increasing numbers of rural Canadians have left the small centers and countryside to conglomerate in larger urban settings. Immigrants have also tended to enter and settle in larger centers rich with community support networks and a variety of employment opportunities. This has lead to an urbanization trend in the West, although it is certainly not a phenomena unique to western Canada. For more than five decades, industrialized countries around the world have seen increases in urbanization as the economic modes of production have been

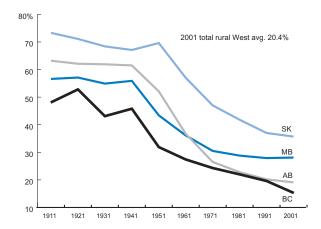
Figure 1: Total Rural West Population, 1971-2001



Source: Statistics Canada Census Data.

Note: Rural refers to individuals living outside places of 1,000 or more people.

Figure 2: % of West population in rural areas, 1911-2001



Source: Statistics Canada Census Data.

Note: Rural refers to individuals living outside places of 1,000 people or more of population living outside of places with densities of 400 or more persons per square kilometre.

transformed by technology, and as lifestyles changes brought people together in urban centers of work and convenience.

Rural depopulation itself is a bit of a misnomer in western Canada. Indeed, there has been an overall absolute *growth* in the total western rural population. Only Saskatchewan has witnessed an absolute decline in rural population. Across the West, the rural population has increased by 3% over the past 50 years and by 1% over the past 20. While these are only minimal increases, it is important to consider that the population served by rural business, health and social services is not in decline. It is true, there are ghost towns dotting the map across the West, but there are also relatively vibrant rural communities, although, increasingly these most populous rural communities are found on the fringes of the region's cities.

During the past 30 years, the rural population of Alberta has increased at the fastest rate. Between 1971 and 2001, Alberta's rural population increased by 32%, followed by BC (13%) and Manitoba (4%) (Figure 1). However, over the same period, Saskatchewan's rural population declined by 20%. The overall growth in rural western Canada since 1971 was 8%, yet when Saskatchewan is removed from the equation, that total jumps to 17% growth.

The Saskatchewan situation is somewhat unique and needs to be addressed carefully, for the province's rural decline should not be taken as indicative of trends affecting the entire rural West. Rather a majority of rural Saskatchewan, and parts of rural Alberta and Manitoba that are particularly reliant on grain production and other primary resource economies, are those that have suffered the large population declines. Changes in agricultural practices have reduced the number of individuals employed in that sector and as a result have depopulated rural regions in all of the provinces with Saskatchewan being affected most significantly (Bollman 2001).

While the overall rural regional population data indicate a growth for the rural West, urban population growth in western Canada has significantly outpaced rural growth. Between 1971 and 2001, the proportion of the western

Figure 3:

Rural regional population as a proportion of total population

| | 1981 | 1986 | 1991 | 1996 | 2001 |
|--|------------------|------------------|------------------|------------------|------------------|
| Manitoba Rural metro adjacent regions Rural non-metro adjacent regions Rural northern regions | 18% | 18% | 18% | 19% | 20% |
| | 21% | 20% | 19% | 19% | 19% |
| | 6% | 6% | 6% | 6% | 6% |
| Saskatchewan Rural metro adjacent regions Rural non-metro adjacent regions Rural northern regions | 25% 31% 3% | 25% 30% 3% | 24% 28% 3% | 24% 27% 3% | 24% 26% 3% |
| Alberta Rural metro adjacent regions Rural non-metro adjacent regions Rural northern regions | 23% | 23% | 22% | 22% | 22% |
| | 11% | 11% | 11% | 11% | 10% |
| | 2% | 2% | 1% | 1% | 1% |
| British Columbia Rural metro adjacent regions Rural non-metro adjacent regions Rural northern regions | 15% 26% 4% | 14% 25% 4% | 14% 24% 3% | 15% 24% 3% | 14% 24% 3% |
| Rest of Canada Rural metro adjacent regions Rural non-metro adjacent regions Rural northern regions | 14% | 14% | 14% | 14% | 14% |
| | 13% | 13% | 12% | 11% | 11% |
| | 2% | 2% | 2% | 2% | 2% |

Source: Statistics Canada Census Data.

Note: Figures based on OECD subdivisions of rural regional populations . OECD "rural" community refers to individuals in communities with less than 150 persons per square km. This includes individuals living in the countryside, towns and small cities inside and outside of commuting zones of urban centres. "Rural metro-adjacent regions" contain census divisions adjacent to metropolitan regions (50,000 or more). "Rural non-metro-adjacent regions" contain census divisions non-adjacent to any metropolitan region. "Rural northern and remote regions" designate census divisions that are entirely or in major part above the following lines of latitude by region: Manitoba, 53rd Parallel; Saskatchewan, Alberta and British Columbia, 54th; and all of the Yukon, Northwest Territories and Nunavut.

population that lives in rural areas decreased from 29.7% to 20.4% (Figure 2). The West has become a lot like the rest of Canada; 20.3% of the population of the rest of Canada resides in rural areas.

Although this rapid urbanization represents a significant change in the demographic makeup of the West, it does not necessarily suggest a crisis for the West. It is important to recognize a failing of rural data analysis: rural areas that successfully attract new residents and industries grow in size and are therefore reclassified as urban areas for census purposes. Thus, by default, strong rural regional growth causes urbanization. As the rural areas surrounding western cities grew more densely populated in response to urban sprawl, data now include some formerly rural communities in census metropolitan areas calculations. The reader is cautioned that these urban growth trends can be misinterpreted as rural economic decline.

On the whole, Saskatchewan is the most rural of the western provinces, as has been the case since it was established as a province. In 2001, 35.7% of Saskatchewan's residents lived in rural areas, followed by Manitoba at 28.1%. Alberta and BC are much less rural: less than one in five Alberta residents is rural based (19.1%) and only 15.3% of BC

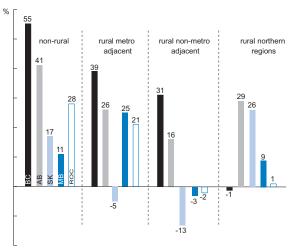
residents reside in a rural region. As will be discussed in the following sections, negative rural economic trends therefore impact each province differently, with Saskatchewan being the most exposed.

Growth of Metro Adjacent Areas

Within the rural West there are more dense and less densely populated regions-more and less rural, if you prefer. There are several different classifications of these shades of rural, but for our purposes we will use a measure of the proximity of these rural areas to metro centres (Figure 3). Rural census divisions that are adjacent to a census division that contains a concentration of 50,000 persons or more are deemed to be "metro-adjacent" rural areas. These satellite centres (or urban fringes) may, in many cases, be merely an extension of the urban centres, but yet also qualify as rural in many definitions. In contrast, "rural northern" regions are quite unique from the rural south and can be isolated in some data, thereby increasing our understanding of the rural regions as a whole.

Across the West, rural metro-adjacent populations have been the primary place of rural population growth, increasing by 24% from 1981 to 2001 (Figure

Figure 4: % Change in Rural Population by Rural Region Type, 1981-2001



Source: Statistics Canada Census Data.

Note: Based on OECD definitions as in Figure 3. "Non-rural" regions include urban regions in which less than 15% of the population lives in rural communities (predominantly urban) and communities with more than 150 persons per square km (urban).

4). Over the same period, rural non-metro-adjacent areas grew by 15%. The overall growth in rural non-metro-adjacent areas was a result of strong upward trends in BC (31%) and Alberta (16%). Saskatchewan and Manitoba saw declines of 13% and 3% respectively in rural non-metro-adjacent populations over the same period.

In absolute terms, the western rural metro-adjacent population increased by 320,239 residents since 1981 and rural non-metro-adjacent population increased by 216,428. The population of rural northern regions increased by 20,718 individuals.

The population growth in western Canada's metro-adjacent regions was just slightly higher than the rest of Canada (24% vs. 21%), but in non-metro-adjacent areas the rate of growth in the West (15%) far exceeded the loss of 2% in the rest of Canada. In rural northern regions, the West also showed much stronger growth than the rest of Canada, with a 9% increase over the 20-year period compared to a 1% increase in the rest of Canada.

Among the western provinces, rural metro-adjacent Manitoba experienced a uniquely strong growth period between 1981 and 2001. The proportion of the total Manitoba provincial population living in rural metro-adjacent regions increased from 18% to 20% while similar regions in other provinces declined or held steady. Indeed, the rate of growth in rural metro-adjacent Manitoba outpaced the growth of the province as a whole.

Saskatchewan's population trends are also distinct. The population of non-rural (urban) regions in Saskatchewan increased by 17% from 1981 to 2001, while the predominantly rural regions combined (northern, metro-adjacent, and non metro-adjacent) saw a population decrease of 8%. By way of contrast, the combined rural regions of Alberta and British Columbia grew by 23% and 31% respectively.

The rural population increases in Alberta and BC, however, could not match the rapid population increase in non-rural (urban) regions of 41% and 55% respectively. Predominantly rural regions lost ground, relative to the rest of the provincial

population, despite large increases in the *absolute* numbers of people in rural Alberta and BC.

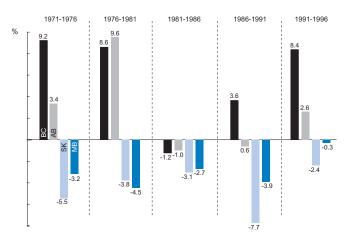
In summary, the current trends demonstrate that, across Canada, increasingly more people are moving to rural metroadjacent rural areas. British Columbia is the only province in western Canada where this trend is reversed; rural non-metro adjacent areas grew more than did the metro adjacent areas.

3.0 Rural Migration

Interprovincial migration is one of the key determinants of rural population growth and decline. Because most rural regions are proportionately less successful in attracting immigrants than are their urban counterparts, the importance of retaining and attracting migrants is heightened across the rural West. Interprovincial migrants represent potential consumers of rural goods, the labour pool to drive future rural economies and the yarn to maintain the rural social fabric.

Isolating provincial migration data to account for just rural migration patterns, it it clear that BC and Alberta have benefited the most from provincial and interprovincial rural migration. In all but one census period between 1971 and

Figure 5: Net Internal Migration into and out of Rural and Small Town West for Individuals 15 and over, 1971-1996



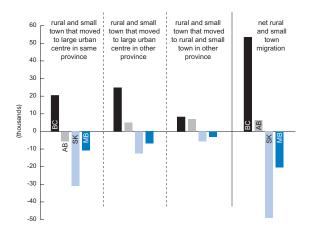
Source: Recent Migration Patterns in Rural and Small Town Canada, Statistics Canada **Note:** Rural and small town refers to the population living outside the commuting zones of large urban centres – specifically, outside CMAs and CAs. This definition includes towns with populations of less than 10,000 that are beyond the commuting zone of a large urban centre (10,000 or more).

1996 BC experienced net gains in rural migration level (Figure 5). Alberta showed net gains in 1976, 1981 and 1996 while Saskatchewan and Manitoba showed net losses in all periods.

The majority of individuals migrating to rural areas arrive from the large urban centres (LUCs) located in that same province. However, this trend is in decline: the proportion of people arriving from LUCs has decreased in each of the provinces, from 64% in the 1981 census to 56% in 1996. Recent trends suggest that more and more Canadians are moving from the rural areas in one province to the rural areas in another province with an increase from 13% of migrants in the 1981 census period to 20% in 1996.

In absolute numbers, the differences among the provinces are significant. For the period 1981-1996, BC's rural regions gained a net of 53,340 rural residents from the combination of other provinces and urban centers in BC compared with only 6,395 for rural Alberta, a loss of 48,975 rural residents in Saskatchewan, and a loss of 20,390 rural residents in Manitoba (Figure 6). (As indicated earlier, overall absolute rural population growth still occurred in all western provinces except Saskatchewan because of factors including immigration, natural increase, and migration from outside the region.)

Figure 6: Net Migration in Rural West by Region, 1981-1996



Source: Recent Migration Patterns in Rural and Small Town Canada, Statistics Canada **Note:** Rural and small town refers to the population living outside the commuting zones of large urban centres – specifically, outside CMAs and CAs. This definition includes towns with a population of less than 10,000 that are beyond the commuting zone of a large urban centre (10,000 or more).

When an individual leaves a rural area, s/he typically moves to LUCs in his/her own province or to LUCs located in other provinces. During the 1996 census period, 83% of those who left the rural West moved to LUCs either in or out of their province. In British Columbia and Alberta, the largest proportion of the leavers (69% and 63% respectively) moved to LUCs within their own province while in Saskatchewan and Manitoba only half the rural migrants (50% and 52% respectively) moved to LUCs in their own province, with the other half leaving the province altogether.

While the majority of people leaving the rural West move into LUCs, it is again important to point out that a growing number of individuals are moving to rural areas in other provinces. In 1981, the census found that 11% of those leaving rural areas moved to rural areas in other provinces; by 1996 that number was up to 17%. This is an encouraging finding for rural prosperity as it suggests that migrants do value the rural lifestyle and, in increasing numbers, are willing to move to other provinces that offer employment and social opportunities in rural areas.

Migration by Age

A primary concern related to rural out-migration is the systemic loss of young people between the ages of 15 and 24 to opportunities not available in the rural regions. In the period of 1991-1996, most of the net loss in rural migration across the West occurred in this young age group (Figure 7).

While statistics show that some rural youth do return after living in urban areas, there is still a significant overall net loss of rural youth in the West to the urban centres. The long-term sustainability of rural communities is threatened if there is not a regular renewal of returning youth (R.A. Malatest & Associates Ltd. 2002). Each of the provinces is affected to varying degrees by this problem, with BC youth being the most likely to stay in rural areas (a net loss of 2%) and Saskatchewan youth the most likely to leave (loss of 20%).

Individuals in these age groups tend to leave rural areas for a number of reasons. Foremost among these is a lack of employment opportunities and the need to travel to larger

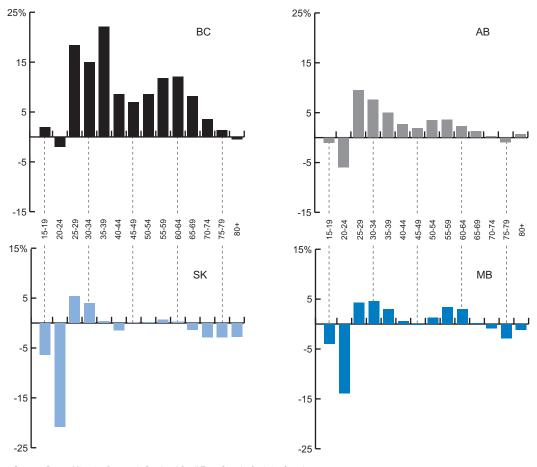


Figure 7: Net Rural (RST) Migration in the West by Age, 1991-1996

Source: Recent Migration Patterns in Rural and Small Town Canada, Statistics Canada

Note: Rural and small town refers to the population living outside the commuting zones of large urban centres – specifically, outside CMAs and CAs. This definition includes towns with a population of less than 10,000 that are beyond the commuting zone of a large urban centre (10,000 or more).

centres to undertake further post secondary education (Statistics Canada 2002). There are also qualitative concerns about rural living, such as its perceived lack of quality of life for young people (R.A. Malatest & Associates Ltd. 2002). These issues present challenging public policy problems if rural areas wish to retain their young people.

In the age categories 25 years and above, the rural West between 1991 and 1996 actually tended to gain residents in every age group up to age 65 (Figure 7). The only province that suffered a loss in rural residents was Saskatchewan in the 40-44 category. Rural BC again showed the strongest rate of net growth across the 25-65 age categories, with an average increase of 13%.

This success of rural areas in attracting resident's aged 25-65 may be associated with the desire to raise families in smaller towns or rural regions. The unique rural quality of life and a rich natural environment may become more attractive as individuals age and seek to leave the urban setting. These data are encouraging for future economic prospects as the rural West has recently been in a net gain position with respect to individuals of the primary workforce age.

After retirement age is reached, the provinces appeal differently to migrants. Residents over the age of 65 in Manitoba and Saskatchewan are likely to leave their rural areas for retirement elsewhere including rural Alberta and rural BC (which gain residents in these age groups). Rural BC continues to attract more residents on a percentage basis between the ages of 65 and 80 than any of the other provinces, as the climate and lifestyle differences in BC appeal to older migrants.

4.0 Rural Income

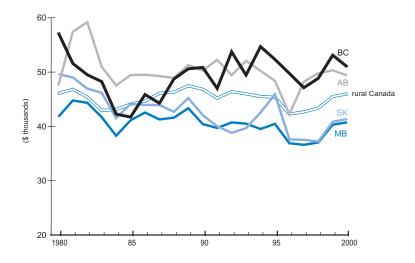
It is well reported that incomes in rural regions across the West are lower than those in urban centres. However, this income gap is not necessarily a measure of relative well-being (Rupnik et al, 2001). As a better measure of the economic health of the rural region, the following analysis will focus on the diversity of income *within* the rural West.

Using total income and its components parts (e.g., wages, government transfers, self employment, investment income), this section examines the impact that the range of provincial differences in labour force productivity, economic diversity, levels of personal savings, and entrepreneurship have upon income levels in the rural sector.

Not surprisingly, given the relative strength of their economies, Alberta and BC stand apart with higher rural incomes than the national rural average. Using constant dollar calculations to account for the effects of inflation, Figure 8 demonstrates that the average total rural incomes in BC and Alberta have diverged from the other western provinces over a twenty-one year period (1980-2000). BC's average income generally increased in real terms over the period, while Alberta's remained steady. Manitoba and Saskatchewan residents have lower incomes, and have generally seen this income gap increase over time.

The provincial income disparity is rather large. In 2000, the average total rural income in BC was \$50,984, followed by Alberta at \$49,387—more than \$8,000 (15%) above total rural incomes in Saskatchewan (\$41,353) and Manitoba (\$40,736). The Manitoba and Saskatchewan totals are also well below the national rural average of nearly \$46,000. Considering that these data incorporate all sources of income including self-employment and government transfer income, this represents a substantial regional variation. Cost of living differences and other considerations can lessen the impact of this gap, but there remains a large have versus have not gap in the rural West.

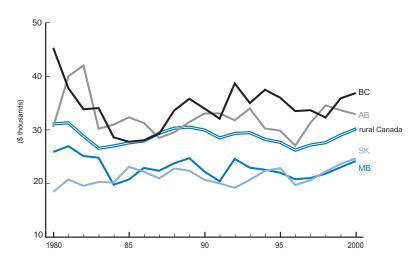
Figure 8: Average Total Income of Rural Economic Families and Unattached Individuals (in constant 2000 dollars).



Source: Statistics Canada, Survey of Income and Labour Dynamics (Custom Table)

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas are based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada

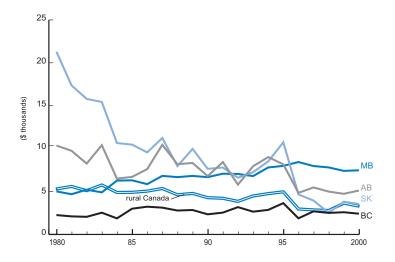
Figure 9: Average Real Wages and Salary Income of Rural Economic Families and Unattached Individuals (in constant 2000 dollars).



Source: Statistics Canada, Survey of Income and Labour Dynamics (Custom Table)

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas are based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada.

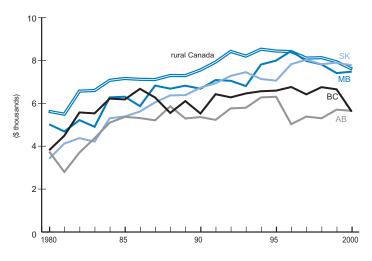
Figure 10: Average Self-Employment Income of Rural Economic Families and Unattached Individuals (in constant 2000 dollars).



Source: Statistics Canada, Survey of Income and Labour Dynamics (Custom Table)

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas are based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada.

Figure 11: Average Transfer Income of Rural Economic Families and Unattached Individuals (in constant 2000 dollars).



Source: Statistics Canada, Survey of Income and Labour Dynamics (Custom Table)

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas are based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada.

Wages and salary, the primary component of total income, are vastly different across the region. In 2000, average rural wage incomes in BC (\$36,869) and Alberta (\$32,914) were almost 50% higher than wage incomes in Manitoba (\$24,189) and Saskatchewan (\$24,679) (Figure 9). Wage-based incomes offer a number of advantages: wages are a more stable source of income, are regularly occurring, and allow for better debt management as a result.

Between the period 1980-2000, rural wage income growth across the region was nearly nil. Saskatchewan, the outlier in this case, saw incomes grow from \$18,432 in 1980 to \$24,679 in 2000—an increase of 34%. The picture was less positive in the other provinces: rural incomes in BC declined substantially in the early 1980s but gradually recovered, while rural wages in Manitoba and Alberta remained relatively stagnant, with little sustainable growth.

The most dramatic income shifts over the last two decades have occurred in levels of self-employment income. In Saskatchewan, in contrast to the wage income picture, average net self-employment income has fallen dramatically from over \$21,000 in 1980 to just over \$3,500 in 2000. Twenty years ago, self-employment income was the most important income component, contributing more to rural incomes in Saskatchewan than wage income, but is now only a small fraction of the overall income mix. These data reflect an important and profound change in the economic activity in the province. A large part, if not most, of this dramatic change is due to the reduction in the number of persons declaring self-employment income in Saskatchewan (as a result of a reduction in the number of persons farming) and not a total decrease in the profitability of self-employment activity (see section 6).

Alberta, although to a lesser degree than Saskatchewan, has also suffered losses to net self-employment income, in part due to changing patterns of farming employment over the last twenty years.

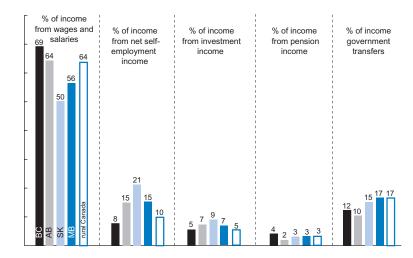
Interestingly, the Manitoba self-employment situation is markedly different. Not only have self-employment

revenues in the province steadily grown since 1980, but rural residents also earned more than twice the national average in self employment income. The Manitoba rural economy is less farm-based, and therefore less exposed to the downturn in farming activity; however, it is unlikely that this alone accounts for these widely varying data trends. Manitoba rural residents appear to have been more successful than elsewhere in the West at increasing income levels through entrepreneurship efforts. Self-employment activity in BC has seen little change over the last two decades.

Partially offsetting the impact of declining levels of earned rural income has been an increase in government transfer income to all western provinces' rural regions. Government transfers include all direct payments from federal, provincial and municipal governments, such as Employment Insurance, Old Age Security, Canada Pension Plan, Child Tax Benefit, Social Assistance (Welfare), Worker's Compensation benefits, GST credits and provincial tax credits. On a constant dollar basis, the value of these programs has increased by more than \$2,000 since 1980. In the case of Saskatchewan. transfers more than doubled from \$3,400 in 1980 to \$7,700 in 2000 (Figure 11).

For most of the last two decades, residents of rural Saskatchewan and Manitoba have had higher government transfers supporting their overall income levels than residents of rural BC and Alberta. This imbalance is partially attributable to the income indexing of transfer payments. Lower wage and earned income levels in Saskatchewan and Manitoba qualify residents for more transfers from these programs. More transfer income, in this case, is also a reflection of relatively less overall wealth. In 2000, rural residents in Saskatchewan (\$7,772 in transfers) and Manitoba (\$7,475) received on

Figure 12: Average Source Rural Economic Families and Unattached Individuals by Province, 1980-2000



Source: Statistics Canada, Survey of Income and Labour Dynamics (Custom Table)

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas are based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada

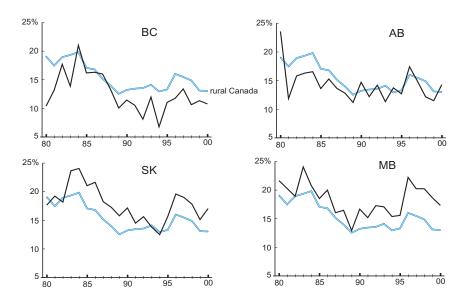
average \$2,000 more in transfers than did residents in Alberta (\$5,649) and BC (\$5,609).

In spite of these low income levels, it is somewhat remarkable to note that in nearly every year of the last two decades rural residents in western Canada, including those from Saskatchewan, received less transfer income than the national rural average. (Considering that national average *includes* the western values, this figure de-emphasizes the actual gap between West and non-West residents.)

The overall average income mix for the 20-year period is presented in Figure 12. The differences in the income mix are stark. Wages and salary income are the dominant part of the income in BC (69%) and Alberta (64%) but less so in Saskatchewan (50%) and Manitoba (56%). As reported above, Saskatchewan and Manitoba residents, who receive the highest levels of government transfer income, are the most dependent on transfer income at 15% and 17% respectively.

Variations in income alone place too much emphasis on income as a measure of the quality of rural life. For example, lower relative incomes ignore differences in the cost of goods in each region (see Section 9.0 on Household Spending). Statistics Canada's Low Income Cut Off (LICO) measures offer a better way of determining overall living conditions, as LICO figures consider the relative cost of needs and goods in rural settings.

Figure 13: % of Rural Units (economic families and unattached) under Low-Income Cut-Off (LICO) by province, 2000



Source: Statistics Canada, Survey of Income and Labour Dynamics (Custom Table)

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas are based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada

The LICO indicator for the rural West suggests that BC communities are relatively better off than those in the rest of rural Canada in that they are less restrained in their ability to purchase necessities (Figure 13). Only 11% of BC rural residents live below the LICO. In contrast, in Manitoba and Saskatchewan, 17% of rural residents live below the LICO. Because rural LICOs are not calculated separately for each province, it is possible that the LICO measure may not fully capture the specific economic benefits of living in these provinces.

In contrast with western urban regions, all four rural West areas have LICO levels that are far lower than the cities. This is an indication that rural communities are somewhat better off than urban communities in their relative ability to purchase necessities (Rupnik, Carlo et al. 2001).

5.0 Employment

There were nearly a million (950,000) persons employed in the rural West in 2002, equivalent to 20.2% of the regional workforce. Put another way, one in every five employed western Canadians resided in a rural region, ranging from a high of over one in three in Saskatchewan (36%) to just slightly more than one in ten in BC (12%).

Although this section looks at rural employment figures, the true symbiotic nature of the economies of the rural and urban West suggest that urban-rural distinctions are somewhat artificial. This presents a challenge in trying to research the impact of one region on the other, and vice-versa. In practice it is difficult, if not impossible, to isolate data on the economic performance of rural areas as different from those their co-dependent neighbours, particularly when employment commuting patterns and metro-adjacent employment activity are considered. Nonetheless, employment data provide perhaps the best opportunity to look at the unique economic growth patterns within the rural West. This following analysis considers the nature and changes in employment as a means of describing the economic growth and altering industrial landscape of the rural region.

Few young people participate in the rural workforce in every province, with participation rates for young people being lower in BC and Saskatchewan than in Manitoba and Alberta (Figure 14). These data are consistent with urban trends; most young persons are engaged in fulltime education. Within the rural areas, however, the differences are more pronounced, suggesting that other factors influence these data. For example, Alberta and Manitoba youth are more actively engaged in the workforce than both the national rural average and the other western provinces. of Lower rates

unemployment in these regions across all age groups implies greater availability of jobs, and indeed perhaps a greater need, for young persons to enter into the labour markets in rural Manitoba and Alberta (Figure 15).

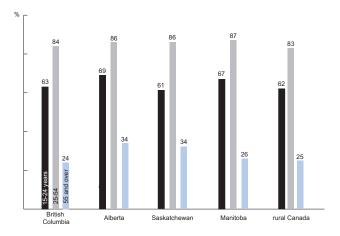
The employment circumstance of BC youth can also be interpreted in light of overall higher unemployment in that province across all age categories. Yet even so, the unemployment rate gap of almost 11% between the unemployment circumstances of young people (17% unemployed) and those 25-54 (8%) does indicate a structural youth unemployment problem in rural BC that is more pronounced than other employment issues in the province. The employment issue facing BC's rural youth is more severe than in the other western provinces.

Rural youth unemployment has been identified as one of the main factors behind the migration of rural youth into urban centres. There is a general feeling among rural youth that while rural areas provide a safe place to live, there are few job prospects compared to urban centres (R.A. Malatest & Associates Ltd. 2002). What to do about these trends and what it means for the future social and economic fabric of rural areas is unclear. Much of this rural unemployment may be cyclical, or even natural and inevitable. Local action or policy changes may be insufficient at countering these trends.

Employment patterns in the rural West reflect the international shift in employment away from industrial-based manufacturing activity to more knowledge-based and service activity. Nearly two-thirds of employed persons in the rural West (64%) are employed in service-related positions. Since 1996, service industries have gained proportional ground in every province except Alberta, where forestry, fishing, mining, oil and gas (FFMO&G) developments have increased employment levels enough to keep pace. Rural communities are not only the home of primary industry employees but, increasingly, are home to service employees who have the skills and capital needed by employers.

These service trends aside, the rural sector is still the primary employment home of some key industries. Agricultural employment, not unexpectedly, is a primary rural employment activity. Over 85% of all agricultural employment is located in

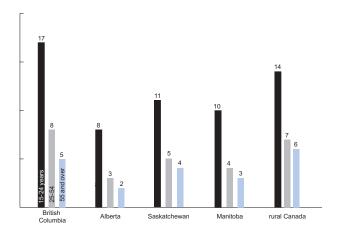
Figure 14: Rural Labour Force Participation Rate by Age, 2001



Source: Statistics Canada, Cansim II

Note: Rural refers to non-census metropolitan area or census agglomeration (Non-CMA/CA).

Figure 15: Rural Unemployed as a % of Labour Force by Age, 2001



Source: Statistics Canada, Cansim II

Note: Rural refers to non-census metropolitan area or census agglomeration (non-CMA/CA).

the rural regions for Alberta, Manitoba and Saskatchewan (Figure 16). Although based on smaller numbers, agricultural activity in BC represents an absolute contrast. Only 19% of agricultural employment in BC takes place in rural areas.

Apart from agriculture, in nearly every other industry there is less employment in the rural areas than in the urban ones. Even in resource dependent sectors, urban centres are the source of many logistical and financial capital jobs that support these industries.

Figure 16:

| Total Rural Employment 2002 by sector | Rural BC % of category of employment found in rural areas | | Rural AB % of category of employment found in rural areas | | Rural SK % of category of employment found in rural areas | | Rura | IMB |
|---|--|----|--|----|--|----|--|-----|
| | | | | | | | % of category of employment found in rural areas | |
| Total Employed | 239,500 | 12 | 368,000 | 22 | 174,100 | 36 | 169,300 | 30 |
| Total Goods-producing Sector | 67,000 | 17 | 143,800 | 31 | 71,400 | 57 | 60,600 | 44 |
| Agriculture | 5,700 | 19 | 51,900 | 85 | 44,600 | 88 | 29,200 | 91 |
| FFMO&G | 14,500 | 37 | 30,700 | 33 | 9,000 | 57 | 4,000 | 62 |
| Utilties | 2,700 | 22 | 2,400 | 14 | 1,400 | 33 | 2,300 | 37 |
| Construction | 20,100 | 17 | 31,800 | 23 | 8,800 | 34 | 8,500 | 34 |
| Manufacturing | 24,000 | 12 | 27,000 | 18 | 7,700 | 26 | 16,500 | 24 |
| Total Service Sector | 172,500 | 11 | 224,200 | 18 | 102,700 | 29 | 108,700 | 25 |
| Trade | 35,600 | 11 | 51,500 | 20 | 23,500 | 30 | 24,800 | 28 |
| Transportation and Warehousing | 12,000 | 11 | 20,400 | 21 | 9,200 | 37 | 10,000 | 29 |
| Finance, Insurance, Real Estate and Leasing | 10,200 | 9 | 12,100 | 14 | 7,500 | 27 | 5,600 | 20 |
| Professional, Scientific and Technical Services | 10,200 | 7 | 13,400 | 11 | 2,700 | 15 | 3,100 | 13 |
| Management of Companies and Administrative Services | 7,800 | 10 | 9,400 | 16 | 2,500 | 21 | 2,700 | 15 |
| Educational Services | 15,500 | 11 | 21,100 | 20 | 12,200 | 33 | 12,900 | 31 |
| Health Care and Social Assistance | 27,200 | 13 | 30,400 | 19 | 19,500 | 34 | 20,800 | 28 |
| Information, Culture and Recreation | 10,700 | 10 | 9,500 | 14 | 3,500 | 19 | 4,400 | 18 |
| Accommodation and Food Services | 24,300 | 14 | 25,900 | 22 | 8,500 | 26 | 8,700 | 24 |
| Other Services | 10,000 | 10 | 19,000 | 23 | 8,300 | 35 | 7,400 | 28 |
| Public Administration | 9,100 | 11 | 11,500 | 17 | 5,400 | 20 | 8,100 | 24 |

Source: Statistics Canada, Cansim II.

Note: Rural refers to Non-census metropolitan area or census agglomeration (Non-CMA/CA).

Looking at the provinces individually, a number of employment trends emerge for the period 1996-2002 (see Figure 17).

British Columbia

There has been an absolute and proportional decrease in the rural goods-producing employment of the BC economy, with 10,000 fewer people working in those sectors of the economy. Agriculture and FFMO&G suffered the most severe employment reductions at 36% and 37% respectively.

Over the same time period, the rural service sector has increased employment by 25,000, with all the service industries increasing in absolute terms except for educational services (-6%) and public administration (-24%). Information, recreation and culture (+65%) and accommodations and food services (+51%) were the two largest gainers. These data strongly reflect the growing importance of tourism-based activity to the rural economic landscape in BC.

Alberta

The goods-producing sector in Alberta declined as a proportion of total employment until 2001, when employment in FFMO&G increased by 32% over 2000 to flatten out the overall trend. As a result, goods-producing industries lost only 2% of employment since 1996, the smallest decrease of all of the western provinces. Leading this downward trend was the agricultural sector. The industry that employed 22% of rural Albertans in 1996 decreased to employing only 14% of rural Albertans over the six year period—a net decrease of 22,100 jobs or about 30% of all rural agricultural employment.

All of the service industries in Alberta increased employment except for financial services (-3%), and public administration (-28%). The fastest growing employment sector was scientific, professional and technical services (+68%); almost half (46%) of the persons employed in these capacities in western Canada are located in Alberta. Robust employment growth was also reported in the rural accommodation and food service area (+37%) and the management of companies and administrative services (+38%). The latter was also a growth

Figure 17:

| Change in Total Employed | | | 1 | | | | | | |
|---|------------------------------|-----|-----------|------------------|------------------------------|--------|------------------|-----|--|
| | Rural BC 1996-2002 Change | | Rural AB | | Rural SK 1996-2002 Change | | Rural MB | | |
| | 1996-2002 Change | | 1996-2002 | 1996-2002 Change | | Change | 1996-2002 Change | | |
| | | % | | % | | % | | % | |
| Total Employed | 11900 | 5 | 24100 | 7 | -11000 | -6 | 15600 | 10 | |
| Total Goods Producing Sector | -10100 | -13 | -2300 | -2 | -16300 | -19 | -5600 | -8 | |
| Agriculture | -3200 | -36 | -22100 | -30 | -18900 | -30 | -7800 | -21 | |
| FFMO&G | -8400 | -37 | 6800 | 28 | 600 | 7 | -1600 | -29 | |
| Utilties | 2700 | n/a | -800 | -25 | 500 | 56 | 1000 | 77 | |
| Construction | 1200 | 6 | 9100 | 40 | 2100 | 31 | -400 | -4 | |
| Manufacturing | -1400 | -6 | 4800 | 22 | -400 | -5 | 3100 | 23 | |
| Total Service Sector | 22000 | 15 | 26300 | 13 | 5300 | 5 | 21200 | 24 | |
| Trade | 3900 | 12 | 5200 | 11 | -300 | -1 | 6800 | 38 | |
| Transportation and Warehousing | 700 | 6 | 2400 | 13 | 300 | 3 | 2700 | 37 | |
| Finance, Insurance, Real Estate and Leasing | 800 | 9 | -400 | -3 | 900 | 14 | 200 | 4 | |
| Professional, Scientific and Technical Services | 1200 | 13 | 5400 | 68 | 300 | 13 | 800 | 35 | |
| Management of Companies and Administrative Services | 2500 | 47 | 2600 | 38 | -200 | -7 | 900 | 50 | |
| Educational Services | -1000 | -6 | 2200 | 12 | 1400 | 13 | 3600 | 39 | |
| Health Care and Social Assistance | 7900 | 41 | 2500 | 9 | 3600 | 23 | 3200 | 18 | |
| Information, Culture and Recreation | 4200 | 65 | 1200 | 14 | 700 | 25 | 0 | 0 | |
| Accommodation and Food Services | 8200 | 51 | 7000 | 37 | 0 | 0 | 900 | 12 | |
| Other Services | -3500 | -26 | 2700 | 17 | 200 | 2 | 1600 | 28 | |
| Public Administration | -2800 | -24 | -4400 | -28 | -1700 | -24 | 300 | 4 | |

Source: Statistics Canada, Survey of Income and Labour Dynamics (Custom Table)

Note: Rural refers to Non-census metropolitan area or census agglomeration (Non-CMA/CA).

sector in BC (+47%); and Manitoba (+50%), and has contributed 5,800 total new jobs to the rural economy of the West.

Saskatchewan

As the only region in the West that observed an absolute decrease in rural employment figures, Saskatchewan's workforce was reduced by 11,000 (6%) jobs over the last six years. Most of this decline is attributable to a loss of 18,900 (19%) agricultural producing jobs over this six year period. Other goods-producing sectors increased in employment levels, including a 31% increase in construction employment.

Employment in the rural service sector increased by only 5%, the lowest increase of any of the four western provinces. As was the case with Alberta and BC, public administration reductions (-24%) were the largest declining area of the service sector. On the growth side, the information, culture and recreation (+25%) and health care (+23) sectors both saw large increases. The aging of the rural population are reflected in this growth of more leisure-and health-related employment.

Manitoba

Of the four western provinces, rural Manitoba experienced the largest regional employment growth (10%, equivalent to 15,600 jobs) over the last six years. Service related growth in Manitoba was especially robust—increasing by 24% in just six years. There were almost as many new service jobs in rural Manitoba (21,200) as in all of rural BC (22,000)!

Manitoba was also the only province that saw gains in employment in each of the service industries. Large growth across a broad number of industries suggests these jobs were mostly new positions and not transfers from areas of employment contractions. In absolute terms, trade (+6,800) and education (+3,600) gained the most employees, and many service areas experienced near 40% growth.

Looking at the goods-producing sector, agriculture employment shrank by a large amount, as was the case in all western provinces. Although not a sign of health, at -21%, agricultural employment in Manitoba was reduced by the least amount relative to the other provinces. Overall, goods-producing job losses were somewhat tempered by a

corresponding growth in the provincial rural manufacturing sector—3,100 new manufacturing jobs were created in the rural sector between 1996 and 2002.

Summary

A survey of rural Canadians completed in March 2001 showed that jobs and unemployment are the two major concerns shared by rural residents across the country (Government of Canada 2001). Clearly there are big changes occurring in the rural West, but it is not all bleak. The rural region has responded well to the need to retool itself in a service driven economy and is seeing large employment growth in these areas.

Falling agricultural employment means that notions of the rural West as "farms and ranches" are even more out of date. Before these reductions, agriculture had been the largest sector employer in the West. However, the changing employment trends have brought growth industries of trade, health care, manufacturing and tourism to greater prominence.

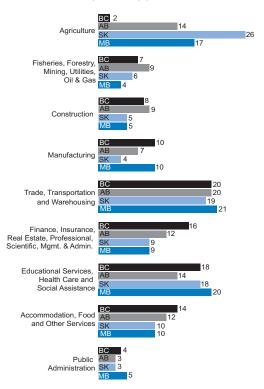
Public administration employment levels were also reduced in every province except for Manitoba—a combined result of governments rationalizing service delivery and the outsourcing of government-run activity. As a consequence, rural residents face concerns that governments are abandoning services in rural areas, or that rural residents will have to travel further to receive essential services. These fears can have potential impacts on the growth of the rural community. Cutbacks to public administration services can have great impacts on rural communities as they have fewer government services to begin with and job losses have larger impacts on the social and support networks in smaller communities than in metropolitan areas (Government of BC 2002).

Employment figures highlight both the economic diversity of the rural regional economy and the diversity that exists among and within the provinces. Figure 17 presents the 2002 distribution of regional employment based on broad sector categories. As the figure illustrates, there is no dominant industry in any region of the rural West economy. Even among the vastly agricultural rural region of Saskatchewan, only one

in four jobs is in that sector (26%). Agriculture employment data also demonstrate the heterogeneity of the western provinces as, in contrast, only 2% of BC rural employment is in the agricultural sector.

Healthy combinations of exportable goods and service activity in the areas of resource exploration, construction, manufacturing, transportation, financial and professional services, and tourism and accommodation employment exist in all western provinces. Arguably, these data suggest the provinces have been successful to this point in their attempts to diversify the rural economies.

Figure 17: % of Total Rural Employment found in each Industry Sector by province, 2002



Source: Statistics Canada, Cansim II

Note: Rural refers to non-census metropolitan area or census agglomeration (Non-CMA/CA).

6.0 Land Use

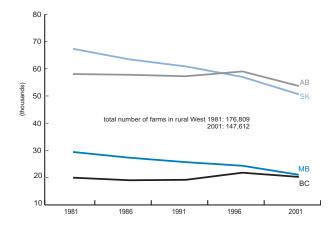
To this point, the data have clearly demonstrated that rural does not necessarily mean agriculture, forestry or mining in the West. However, because these sectors tend to be 'space intensive,' land use issues do dominate our understanding of the rural sector (Bollman 2001). Indeed, survey results suggest that most rural Canadians are concerned about issues related to sustainability of agricultural economies (CPRN 2001). This section will consider some of the issues that contribute to public apprehensions about the future of farming.

There were almost 30,000 fewer census-farms in western Canada in 2001 than in 1981 (Figure 18), In just the ten-year span between 1991-2001, the number of census-farms in Manitoba and Saskatchewan fell by 17% and 15% respectively. In Alberta, the number of census-farms fell by 6%. Bucking the trend, the number of census-farms in BC actually increased by 5%. A census-farm refers to any area of land that generates gross farm revenue, however the reader should note that the majority of these "farms" generate revenues that are too small to sustain full-time farming activity. In reality only about 10% of the "census farms" are actually the farms that most of us think of when we use the term "farm" (i.e., farms that generate enough income to employ one or two professional agriculturalists).

While the total number of census-farms is declining, the number of larger income-generating farms is actually increasing. What the data indicate is an amalgamation trend in farming that is causing many small census-farms to collapse into large single operator mega-farm operations. Between 1991 and 2001 the number of census-farms in the largest category (more than 1,600 acres) across the West increased from 15% to 19% of the total census-farm population. The addition of these 3,625 1,600+ acre census-farms accounts for many of the lost smaller enterprises.

In addition to a fewer number of farmers across the West, the median age of census-farm operators has increased by at least two years in every western province over the past decade (Figure 19). Overall, the median age of census-farm operators

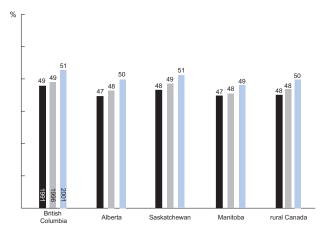
Figure 18: Number of Census-farms (urban and rural), 1981-2001



Source: Statistics Canada, 2001 Census of Agriculture.

Note: Figures do not necessarily refer to activities going on in rural areas. Census-farms may be located in urban regions.

Figure 19: Average Age of Farm Operator, 1991-2001



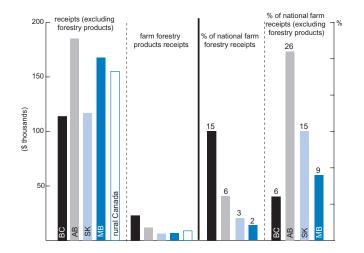
Source: Statistics Canada, 2001 Census of Agriculture.

Note: Figures do not necessarily refer to activities going on in rural areas. Census-farms may be located in urban regions.

is much higher than self-employed workers in other professions in Canada. The pool of farmers under 35 represented only 12% of all Canadian farmers in 2001. In other self-employment professions, nearly 20% of workers were under 35. In the workforce as a whole, 40% of workers are under 35 (Statistics Canada 2002).

Those reporting census-farm income are also less likely to concentrate on farming activity for income today than in the past. In 2001, 45% of census-farms reported having non-farm income in the previous 12 months, compared with 37% in

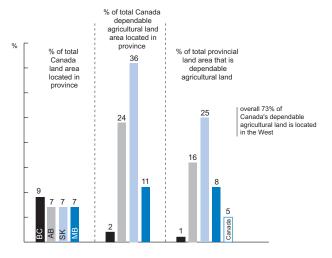
Figure 20: Average Gross Receipts per Census-Farm by Province, 2000 (left axis); Receipts as a % of National Receipts, 2000 (right axis).



Source: Statistics Canada, 2001 Census of Agriculture.

Note: Figures do not necessarily refer to activities going on in rural areas. Census-farms may be located in urban regions.

Figure 21: Dependable Agricultural Land in West, 1982



Source: Statistics Canada, Rural and Small Town Analysis Bulletin, Vol 2, No. 2.

Note: Figures do not necessarily refer to activities going on in rural areas. Census-farms may be located in urban regions.

1991. This trend is most pronounced in BC and Alberta; in 2001, 53% of BC census-farms and 49% of Alberta census-farms reported non-farm work in the previous year. These data may reflect either a greater variety of non-farm employment opportunities available in these provinces or may reflect a greater number of urban employed persons that live on census-farms (e.g., in the metro-adjacent areas).

The reduction in the number of census-farms accompanied by a growth the relative size of each farms has lead to an increase in average gross receipts per census-farm. For the year 2000, Alberta had the highest average census-farm receipts of all of the western provinces at \$185,000, followed by Manitoba at \$167,500. Saskatchewan (\$116,500) and BC census-farms (\$113,700) generated far smaller sales receipts per census-farm (Figure 20, left axis). (These totals do not include any farm-based forestry product sales, which generate between \$6,500 in Saskatchewan and Manitoba and \$23,000 in BC for those farms with forestry sales.)

Another measure of agricultural activity is the portion of Canada's dependable agriculture land located in the West. Based on the most recently available estimates (1982) of the categories of agricultural land, it was determined that 73% of Canada's dependable land was located in the Saskatchewan and Alberta have the highest proportions of dependable agricultural land in the West with 36% and 24% of the Canadian total respectively (Manitoba have 11% and BC 2%) (Figure 21). In terms of percentage of provincial lands, 25% of Saskatchewan's provincial land is classified as dependable for agricultural, ahead of Alberta at 16%, Manitoba at 8% and BC at 1%.

Overall, these land data highlight the limitation on the extent to which agriculture plays a part in the rural economies of BC and Manitoba. While Alberta and Saskatchewan have a relatively extensive area of dependable agricultural land, the other two provinces are not as agrarian, as was seen in the data on both employment and the number of census-farms. Saskatchewan and Alberta are the region's bread basket, and the agricultural industries in these provinces will dictate the West's ability to produce agricultural goods in the future.

7.0 Social and Health Indicators

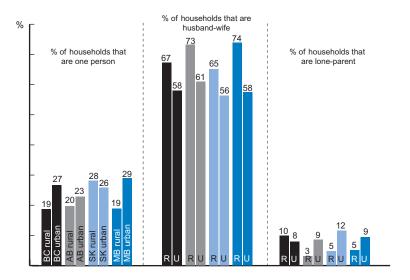
There are reasons to expect that rural families, and particularly those in relatively remote locations, will face more health and social challenges than do their urban counterparts. Accessing health services can be more difficult, and the supports provided by governments and social agencies may be in shorter supply. At the same time, however, family supports in rural communities may be more robust, thereby offsetting the need for external supports.

Empirical snapshots shed some useful light on these competing expectations. For example, with only a handful of exceptions, rural households are less likely to be lone-parent households, are less likely to be single-person households, and are more likely to contain married couples (Figure 23). Thus in terms of conventional family structures, rural households indeed appear to be more robust than their urban counterparts. This in turn could indicate stronger social support networks, greater family stability, and less marital stress.

There is no consistent pattern relating to differences in household size; rural households are larger than urban households in Manitoba, but slightly smaller in the other three provinces (Figure 24). Certainly there is no general indication that large families, or large numbers of children under 14 years of age, are disproportionately found in either rural or urban settings.

A different form of social connectedness is explored in Figure 25, which compares urban and rural Internet usage. The data are gleaned from the 2001 Canada West Foundation survey of 3,200 western Canadian respondents, and they do show the expected digital divide between urban and rural households. What is much more striking, however, is the shallow nature of that divide, particularly given the technical problems in Internet access that can afflict remote rural communities.

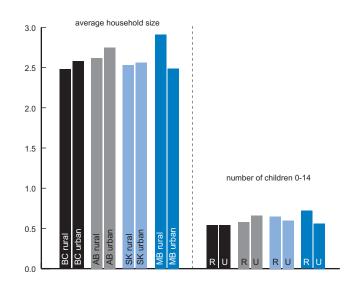
Figure 23: Rural and Urban Household Composition, 2000



Source: Statistics Canada, Survey of Household Spending.

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas are based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada.

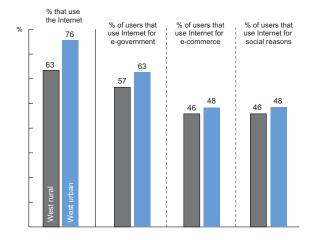
Figure 24: Rural and Urban Household Size, 2000



Source: Statistics Canada, Survey of Household Spending.

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas are based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada.

Figure 25: Internet Use, 2001



Source: Canada West Foundation, Looking West 2001 Survey.

Note: Based on a survey of 1,726 western Canadians grouped as urban and rural by postal code according to CMA/CA and non-CMA/CA.

Figure 26:

| Health Statistics, 1996 | Infant Mortality Rate per 1,000 Live Births | Life Expectancy (Years) - Abridged Life Table, At Birth |
|-------------------------|---|--|
| British Columbia | | |
| Urban | 4.96 | 79.27 |
| Intermediate | 5.68 | 78.37 |
| Rural | 6.50 | 78.36 |
| Alberta | | |
| Urban | 5.66 | 79.04 |
| Intermediate | 6.70 | 78.06 |
| Rural | 6.17 | 78.12 |
| Saskatchewan | | |
| Urban | n/a | n/a |
| Intermediate | 9.12 | 78.48 |
| Rural | 6.93 | 78.26 |
| Manitoba | | |
| Urban | 6.68 | 78.00 |
| Intermediate | n/a | n/a |
| Rural | 6.91 | 77.38 |

Source: Statistics Canada Cansim II

Note: Urban refers to heath regions where more than 80% of the population of the health region live in census metropolitan areas (CMAs) and census agglomerations (CAs) or strong metropolitan influenced zones (MIZ). Intermediate refers to health regions where 50-80% of the population of the health region live in CMAs, CAs, or strong MIZ. Rural refers to health regions where more than 50% live in CMAs, CAs or strong MIZ.

Although rural people use the Internet less than do their urban counterparts, those who do use it do so for similar purposes. Here it is interesting to note the use of the Internet for ecommerce. Greater commercial variety has traditionally been one of the motivators for moving to urban centers. The availability and use of e-commerce, like the Sears catalogues of old, may give rural families access to the same goods and services as urban consumers at competitive prices.

The data suggest that there is little fear that the rapid advance of information technologies will isolate the rural West. Indeed, the opposite may be the case if the Internet and associated technologies further blur the distinction between urban and rural lifestyles.

Finally, Figure 26 looks at two of the most basic health status indicators: infant mortality rates and life expectancy. The figure shows a somewhat inconsistent pattern of higher infant mortality rates in rural communities, and this must be a source of concern. The difference is addressed in the Final Report of the Commission on the Future of Health Care in Canada in terms of access to service, and a lack of research and knowledge surrounding how to best provide rural and remote health services (Romanow 2002).

At the same time, the urban-rural differences in life expectancy are very modest. To the extent that this indicator provides a summary of health status, rural residents appear to be doing virtually as well as their urban counterparts.

In drawing this discussion to a close, there is an important caveat to note. Traditionally, Aboriginal people in western Canada have been largely resident in rural communities. It is important, therefore, not to extrapolate from the health of rural communities in general to Aboriginal communities in particular, where health status concerns may be much more acute.

8.0 Household Expenditures

A practical measure of urban-rural differences is provided by household expenditures, which both shape and reflect so many aspects of our lives. Here we can ask two sets of questions. First, are there absolute differences in, for example, what rural residents pay for housing as compared to urban residents? Second, are there differences in the pattern of expenditures? For instance, do urban residents put a greater proportion of their expenditures towards shelter than do their rural counterparts?

In answering these questions it should be noted at the outset that rural household expenditures are less in absolute terms than are urban household expenditures, which is not surprising given that there are corresponding income disparities between the urban and rural West. In British Columbia, expenditures by rural households are only 87% of those in urban households; the comparable figures for the other three provinces are 80% for Alberta, 75% for Saskatchewan, and 89% for Manitoba.

Urban-rural differences by no means dwarf the interprovincial differences in the West. For example, not only is the gap between urban and rural household expenditures greatest in Saskatchewan but, as Figure 27 shows, rural household expenditures overall are markedly lower in Saskatchewan than they are elsewhere in the West.

What these data do not show is whether rural expenditures are lower in rural Saskatchewan because goods cost less, or whether Saskatchewan residents do without certain goods because of a lack of available funds. Looking at the provincial expenditures, Saskatchewan rural residents pay thousands of dollars less in personal taxes (due to lower incomes), shelter costs and recreation.

Looking at patterns of household expenditures, it is often assumed that housing costs are much greater in urban than in rural areas. This assumption is indeed supported by the data as the urban-rural difference in absolute dollars spent on shelter runs from \$2,104 in Manitoba to \$3,955 in Saskatchewan. Putting shelter over one's head clearly costs more in the urban West. However, the differences in the proportion of household expenditures devoted to shelter are much more modest; the proportions range only from 21% in urban British Columbia to 14% in rural Saskatchewan.

Figure 27:

| | | British Columbia | | | | Alberta | | | Saskatchewan | | | | Manitoba | | | | | |
|-------------------|--------|------------------|--------|-----|--------|----------|--------|-------|--------------|-------|--------|-----------|----------|------------|--------|------|-------------|--|
| | Ru | ral | Urb | an | Ru | Rural Ur | | Urban | | Rural | | Rural Url | | an Rural | | ıral | urban Urban | |
| | (\$) | (%) | (\$) | (%) | (\$) | (%) | (\$) | (%) | (\$) | (%) | (\$) | (%) | (\$) | (%) | (\$) | (%) | | |
| Food | 5,620 | 11 | 6,087 | 11 | 5,785 | 11 | 6,629 | 10 | 5,040 | 13 | 5,291 | 10 | 5,988 | 13 | 5,912 | 11 | | |
| Shelter | 9,685 | 20 | 12,069 | 21 | 8,408 | 16 | 11,387 | 18 | 5,358 | 14 | 9,313 | 18 | 7,061 | 15 | 9,165 | 18 | | |
| Household Oper. | 2,336 | 5 | 2,510 | 4 | 2,649 | 5 | 2,838 | 4 | 2,300 | 6 | 2,420 | 5 | 2,423 | 5 | 2,318 | 5 | | |
| Communications | 1,060 | 2 | 1,143 | 2 | 1,220 | 2 | 1,228 | 2 | 1,137 | 3 | 1,094 | 2 | 1,025 | 2 | 952 | 2 | | |
| Clothing | 1,550 | 3 | 2,108 | 4 | 1,897 | 4 | 2,742 | 4 | 1,646 | 4 | 2,107 | 4 | 2,094 | 5 | 2,144 | 4 | | |
| Transportation | 6,984 | 14 | 7,589 | 13 | 8,431 | 16 | 9,093 | 14 | 6,378 | 16 | 7,115 | 14 | 7,493 | 16 | 7,032 | 14 | | |
| Health Care | 1,492 | 3 | 1,502 | 3 | 1,872 | 4 | 1,914 | 3 | 1,366 | 4 | 1,302 | 3 | 1,310 | 3 | 1,248 | 2 | | |
| Recreation | 3,968 | 8 | 3,354 | 6 | 3,413 | 7 | 4,066 | 6 | 2,324 | 6 | 3,338 | 6 | 2,834 | 6 | 2,903 | 6 | | |
| Education | 336 | 1 | 926 | 2 | 367 | 1 | 1,119 | 2 | 365 | 1 | 986 | 2 | 593 | 1 | 850 | 2 | | |
| Personal Taxes | 9,293 | 19 | 11,842 | 21 | 8,879 | 17 | 13,478 | 21 | 5,963 | 15 | 10,668 | 21 | 7,876 | 17 | 10,533 | 20 | | |
| Other | 7,008 | 14 | 7,560 | 13 | 8,288 | 16 | 9,641 | 15 | 6,858 | 18 | 8,067 | 16 | 7,351 | 16 | 8,433 | 16 | | |
| Total Expenditure | 49,332 | 100 | 56,690 | 100 | 51,209 | 100 | 64,135 | 100 | 38,735 | 100 | 51,701 | 100 | 46,048 | 100 | 51,490 | 100 | | |

Source: Statistics Canada, Survey of Household Expenditures.

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas) and most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas based on the census definition. Rural areas are all territory outside urban areas. Taken together, urban and rural areas cover all of Canada.

Rural residents may spend a smaller proportion of their household expenditures on shelter, but they also spend proportionately more on food. Given the potential for homegrown agri-food and produce within the rural regions, these higher totals suggest there is no food cost advantage for rural residents.

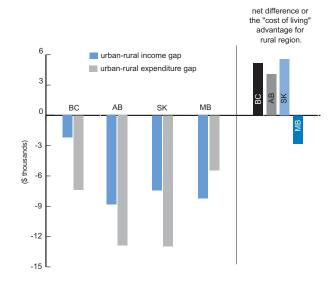
The greatest difference in expenditure occurs in personal income taxes varying both from urban to rural and from province to province. At the widest extreme, an average household in rural Saskatchewan pays just over \$7,500 less in taxes than an urban Alberta household. Further, regardless of the province, rural residents pay less taxes than any of their urban counterparts (i.e., rural BC residents pay less tax than urban residences of Saskatchewan). Apart from tax and food, the differences between rural and urban expenditure patterns in the other categories are very modest.

Finally, it should be noted that differences in expenditures, either relative or absolute, cannot be equated to differences in quality of life. We cannot conclude, for example, that urban residents in BC who spend on average \$12,069 per annum on shelter have, as a consequence, a higher quality of life than do rural residents in Saskatchewan who spend on average only \$5,358 per annum. However, the strength of these data do clearly point to the type of question that warrants further study (e.g., do people spend less in one region because they are going without certain basic needs?). In the same way, these gaps between the rural regions themselves needs to be better understood to determine what policy options and local actions, if any, can be implemented.

So what can be concluded? Do any of these differences constitute a case for significant lifestyle differences between urban and rural residents in western Canada? On balance, the data are not persuasive. It is true that rural residents generally spend less in absolute terms on food and shelter, but this primarily reflects the fact that they spend less overall. Rural budgets are smaller but the pattern of expenditure closely follows the urban pattern. The data suggest that western Canadians spend money in roughly the same way.

However, where the regions differ is in the amount of money they have to spend. Like the LICO measure described in the income

Figure 28: Comparison of rural-urban income gap with rural urban expenditure gap by province, 2000



Source: Derived by CWF from Statistics Canada, Survey of Household Spending, and Survey of Income and Labour Dynamics (Custom Table)

Note: Urban areas include all large metropolitan areas (even though they do contain some rural areas); most smaller metropolitan areas (also called census agglomerations). In some cases, where a census agglomeration contains a large rural population, only the urban portion is considered urban. Urban areas based on the census definition. Rural areas are all territory outside urban area. Taken together, urban and rural areas cover all of Canada.

section, by combining the rural-urban income gap and the rural-urban expenditure gap, it is possible to derive an indication of the relative cost-of-living in rural and urban regions. Because the income gap between rural regions and urban centers (ranging from \$2,200 in BC to \$8,800 in Alberta) is smaller than the expenditure gap (as much as \$13,000), rural households, on average, find themselves with nearly \$5,000 more residual income on an annual basis (Figure 28). This is the net annual advantage of rural living that considers the different costs, incomes and lifestyles between the urban and rural centers.

This calculation has produced a surprising finding for Manitoba. It is actually an economic *disadvantage* to live in rural Manitoba because, for example, household, food, communication, and transportation expenses cost *more* in rural Manitoba than in urban Manitoba. Overall, the gap between urban and rural incomes is smaller than the gap between urban and rural incomes in Manitoba, therefore, on balance, it is more costly to live in rural Manitoba.

Dural (0/)

9.0 Rural Attitudes and Opinion

It is often assumed that rural residents see the world in a very different way from their urban counterparts. This distinction between *country mice* and *city mice* is deeply embedded in the Canadian popular culture. However, empirical evidence gleaned from a 2001 Canada West Foundation survey of 3,200 western Canadian respondents suggests that the attitudinal differences are relatively modest, although by no means absent (Figure 20).

For example, the survey data show that rural residents are somewhat more likely to identify with their local community and province than are urban residents, who in turn are more likely to identify with broader political communities – Canada, North America and the world. However, while the differences imply a more localized political world for rural residents, they are far from huge.

The survey data also show that rural residents are somewhat more prone to see the federal government as having too much power, and are slightly more inclined to believe that their province fails to receive its fair share of federal largesse. Here again, however, the differences are modest at best. To the extent that these two questions capture traditional sentiments of western alienation, it would be hard to argue that alienation is predominantly a rural creed.

A similar difference can be found with respect to free trade. A clear majority of both urban and rural residents feel that free trade has been good for their province; urban residents are just a shade more emphatic.

At the same time, there are some more striking differences. One emerges with respect to opinions on the power of municipal governments. Despite the recent burst of media coverage on the growing importance of large urban centres, and despite the push by big city mayors for greater political influence, it is rural residents who most support more power for municipal governments.

One of the marked differences between urban and rural communities is that the former have a much larger proportion

Figure 20:
Rural Attitudes, 2001

| | Rural (%) | Urban (%) |
|---|-----------|-----------|
| Which of the following would primarily identify with: | | |
| - local (city, town, rural region) | 28.4 | 25.3 |
| - province | 32.6 | 25.2 |
| - western Canada | 11.4 | 12.5 |
| - Canada | 22.3 | 29.9 |
| - North America | 2.3 | 2.5 |
| - World | 3.1 | 4.6 |
| Do you think your province recieves: | | |
| - more than its fair share of federal transfers | 0.9 | 1.9 |
| - less than its fair share of federal transfers | 61.3 | 59.1 |
| - about it's fair share of federal transfers | 37.8 | 39.0 |
| Does the: | | |
| - federal government have too much power | 56.0 | 50.2 |
| - provincial government have too much power | 6.1 | 7.4 |
| - or is the balance between them about right | 37.9 | 42.4 |
| Do you think that increased global trade has been | | |
| good for your province: | | |
| - yes | 56.7 | 59.5 |
| - no | 31.6 | 29.3 |
| - mixed impact | 11.8 | 11.2 |
| Thinking about the things that the municipal (local) | | |
| government in your city town or rural district is | | |
| responsible for, do you think that this gov't has: | | |
| enough power to carry out it's responsibilities | 45.8 | 51.7 |
| - does it have too much | 7.2 | 9.8 |
| - does it have to little power | 47.0 | 38.5 |
| Five years from now, do you expect that you will | | |
| personally be: | | |
| - much better off than now | 17.4 | 21.2 |
| - somewhat better off than now | 31.5 | 33.4 |
| - somewhat worse off than now | 12.4 | 10.9 |
| - much worse off than now | 5.7 | 3.4 |
| - about the same as now | 33.1 | 31.1 |
| Do you think Canada should accept: | | |
| - more immigrants | 11.8 | 19.2 |
| - fewer immigrants | 38.2 | 30.6 |
| | 50.0 | 50.2 |

Source: Canada West Foundation, Looking West 2001 Survey

Note: Based on a survey of 1,726 western Canadians grouped as urban and rural by postal code according to CMA/CA and non-CMA/CA.

of immigrants. It is interesting to note, therefore, that rural residents are clearly less supportive than are urban residents of increased immigration. There is an unfortunate reciprocity; immigrants avoid rural communities and rural residents favour less immigration.

Finally, rural residents are a shade less optimistic about the future than are their urban counterparts; 18.1% of rural residents expect to be somewhat or much worse off five years from now, compared to 14.3% of urban residents. It is interesting that the

difference is not greater given the diversity of economic conditions across rural communities.

Should we be surprised that the attitudinal differences between urban and rural residents are not more pronounced? Probably not. By and large urban and rural western Canadians live within a common media environment, and have both been shaped by common educational curriculum and experiences. The rural and urban worlds in western Canada co-mingle in so many respects that the cultural distinction between country mice and city mice no longer holds. The differences that survive are ones of degree, not kind.

10.0 Conclusion and Policy Implications

There is no doubt that the rural West faces major challenges and dilemmas. The proportion of the West's population that is rural has been in marked decline since the Second World War, even though the absolute size of the rural population has grown. Rural incomes are lower than urban incomes, and rural migration patterns see rural residents stacking up on the fringes of the cities. The rural West attracts far less than its proportionate share of international immigration. The total pool of human capital in rural communities is not as deep as in the urban settings and therefore attracting a labour force to rural areas can be costly, and equity investment for rural areas is therefore often difficult to find. Rural residents in traditional industries face difficult hurdles in adapting to economic change; miners and loggers rarely become ski instructors and restaurant owners.

We could go on. Economic opportunities in the rural West, including tourism, waste disposal, livestock intensive agriculture, and resource development more generally pose significant environmental challenges. Developments of this nature threaten to erode the existing social capital in rural regions as multinational companies, transient employment and part-time residents move into the rural region and bring a reported weakening of cooperation and community spirit.

However, these challenges need not signal gloom and doom. Some of the ways in which traditional communities are being transformed must be seen as positives. There is a decline in isolation, better access to some government services including health care, and new forms of global connectivity through the Internet. Moreover, the migration of young people to the "bright lights of the cities" is as old as civilization itself; it is a longstanding fact of life rather than a problem to be fixed. In short, the rural West is not an economic basket case, nor a community wracked with despair. If the West is "the land of opportunity," the rural West continues to be part of that land.

The pressures on rural communities cannot be automatically equated with economic hardship. Even though a great deal of contemporary policy work identifies urban centres as the drivers of the new knowledge-based economy, in many respects many rural communities are doing quite well. Rural incomes may be relatively low, but then so too is the cost of living. Lower incomes do not immediately equate to a lower standard of living or quality of life.

It is also important to stress once again the tremendous diversity of the rural West. Communities fitting the various definitions of rural range from prosperous metro-adjacent communities to less-prosperous remote communities in the north. There are substantial interprovincial differences, and sometimes these exceed in magnitude urban-rural differences within provinces. There are also a number of differences within the provinces that are washed over by this data-driven analysis, but also merit some consideration. Within the rural West there is both prosperity and desolation.

As we have seen, the conventional equation of rural with an agricultural economy no longer applies; less than 25% of the West's rural population is farm-based, and thus the periodic crises that hit agricultural producers may not ripple through the rural community at large. Yet this should not discount the fact that on most measures the agrarian sector is more severely challenged—by drought, unstable global markets, increased competition and trade liberalization—than is the rural West as a whole.

It is difficult, then, to make sweeping generalizations or judgments. Consequentially, there is no "one size fits all" policy solution for the West. For certain, solutions to "rural problems" that focus on agriculture alone are not going to solve the region's need to attract and retain human capital.

As we have seen, the diversity of the rural West can lead to a good deal of confusion when it comes to defining what is rural, and what is not. Indeed, "rural" sometimes seems little more than a residual category, encompassing all that is not urban. At the same time, however, cultural references to a rural way of life suggest that the term rural still carries with it a good deal of cultural importance. We still assume there are important differences between rural and urban residents even though empirical evidence for such differences is increasingly elusive.

What, then, are the public policy implications of this analysis? Perhaps the first point to stress is that documenting the existence of an urban-rural gap, or even rural-rural gaps, is not a call for governments to "close the gap." Some of those gaps may be beyond the reach of public policy, reflecting as they do a transformation of western industrial states that has been going on for centuries. Some of the gaps may reflect lifestyle choices made by individuals, choices that need not imply a public policy response.

Rather, what we must consider in a policy sense is whether people, and particularly young people, are leaving rural areas because of the push that comes from the lack of economic opportunities, or from the pull of both economic and social opportunities of urban centres. Discussions must consider whether attempts to increase the flow of international immigration into the rural West through community development projects will succeed against the city's appeal to the urban backgrounds of most immigrants, and the strength of ethnic communities in the West's major urban centres.

Perhaps more can be done with incentives, temporary mobility restrictions and through the provision of social supports, but a multitude of reasons remain to pull immigrants and young persons towards the cities.

In economic development terms, it is necessary to remember four points. First, the rural West is already considerably diversified; economic development strategies need to be more sophisticated than merely bringing new industry to the West Approaches to economic growth need to be based on sustainable growth opportunities, reflective of existing rural lifestyles, and cautious to avoid the introduction of rapid change.

Second, as noted above, rural does not in most cases mean agriculture. Therefore, rural employment and development solutions will not come from solutions that prop up agriculture or from subsidy activity alone. While these measures can form part of a package of policy initiatives, they should not be the final solution. Growth as a region needs broader-based policy considerations.

Third, there are a number of rural realities that ought be recognized in any approach to regional development. The rural West lacks the human capital and industrial infrastructure to accommodate many types of activity. New development needs to recognize these limitations. While there may be pockets of ready labour in some rural regions, it is not reasonable to believe that this labour pool can plug into any project with the same levels of success.

Fourth, the rural mantra of finding outside investment to fuel economic activity is not the same thing as rural economic development. Some large projects can bring financial benefits to a few, but can be counter to regional economic developments on the whole. Outside investment can result in fewer rural jobs, and limited rural re-investment of the profits in supporting the social and commercial structures of the community. Rural growth will take place through developments that bring people to the rural regions to form communities that want to live and spend locally, and that contribute to the social fabric of the area.

Finally, it is important to avoid bisecting the policy world into simple silos of urban and rural issues. As this analysis showed, the lines between the urban and rural Wests are increasingly blurred. Rural residents are often entangled in the urban economy, and urban residents are episodically part of the rural West through their recreational and business pursuits. While we all live predominantly in one form of community or another, urban or rural, few of us live exclusively in one. Thus the rural West does not stand apart. All western Canadians have a stake in the continued vitality and prosperity of the rural West.

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