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## EMPLOYMENT PATTERNS IN THE NON-METRO WORKFORCE

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### HIGHLIGHTS

- ◆ **Patterns of employment growth and decline in the non-metro workforce differed from those in the metro workforce.**
- ◆ **The growth and decline of non-metro employment varied according to provincial economic activities.**
- ◆ **For all provinces, except the Prairie provinces, non-metro unemployment rates were generally higher than metro unemployment rates.**
- ◆ **Non-metro unemployment rates were less sensitive to economic fluctuations. In a recession, the rise in the unemployment rate was slower in non-metro areas. In economic expansions, the fall in the non-metro unemployment rate was slower.**
- ◆ **Employment rates (employment / population ratios) were lower in non-metro labour markets.**
- ◆ **Employment rates were higher in Western Canada.**

### *Definitions of Non-metro and Metro*

*Non-metro refers to Census Agglomerations (CAs) and Rural and Small Town (RST) areas. CAs have a population of 10,000 to 99,999 and include municipalities where 50 percent or more of the workforce commutes to the CA. RST areas have a population of 1 to 9,999 and are outside the commuting zones of CAs and Census Metropolitan Areas.*

*Metro refers to Census Metropolitan Areas (CMAs). A CMA has an urban core population of 100,000 or more and includes the commuting zone where 50 percent or more of the workforce commutes to the metropolitan centre.*

*In this bulletin, for the period from 1976 to 1986, 'non-metro' refers to non-self-representing units (NSRUs) and 'metro' refers to self-representing units (SRUs) as allocated in the design of the Labour Force Survey. While the guidelines for the design of the Labour Force Survey vary in each province, NSRUs are smaller towns and municipalities with a population less than 10,000 to 15,000. SRUs are towns and municipalities above this population limit.*



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**Note of Appreciation**

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

**Introduction**

Job creation is one major focus of rural development initiatives. The purpose of this bulletin is to provide an overview of employment and unemployment patterns in the non-metro workforce. In this bulletin, we combined the rural and small town population (as defined in ANALYSIS BULLETIN No. 1) with the Census Agglomeration (CA) population to constitute the non-metro population (see “Definitions” box). Our results for the overall non-metro workforce also apply to the rural and small town component of the non-metro workforce (refer to **Employment Patterns in the Non-metro Workforce** {Ottawa: Statistics Canada, Agriculture and Rural Working Paper No. 35, Cat. No. 21-601-MPE98035}).

**Employment growth and decline differed in non-metro and metro labour markets**

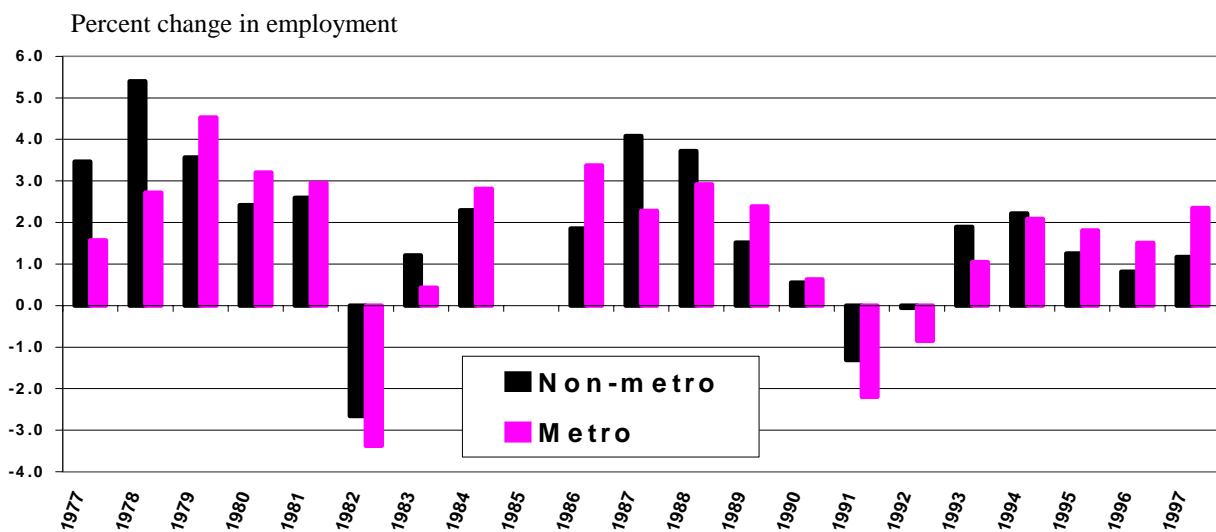
Employment in non-metro areas grew in 17 of the 21 years between 1976 and 1997. This pattern was consistent with the employment growth pattern in metro centres (Figure 1). During the 1981-82 recession, non-metro areas and metro centres experienced a decline in employment that was shorter and deeper than the 1990-92 recession. While employment growth for both non-metro areas and metro centres returned to high levels after the 1981-82 recession, employment growth after the 1990-92 recession had not increased to pre-1990-92 recession levels. Generally, the following employment tendencies were observed:

- leading into recessions, non-metro employment grew less rapidly than metro employment
- during recessions, employment declined less in non-metro areas than in metro centres

- during economic recoveries, employment growth was higher in non-metro areas than in metro centres
- during economic expansions, metro employment growth overtook non-metro employment growth.

**Figure 1**

**Non-metro employment declined less in a recession and expanded faster immediately after a recession**



*Growth for 1985 is excluded due to a change in the design of the Labour Force Survey.  
 Non-metro refers to non-CMAs for 1987-1997 and to NSRUs for 1976-1986.  
 Metro refers to CMAs for 1987-1997 and to SRUs for 1976-1986.  
 Source: Statistics Canada. Labour Force Survey.*

**Employment growth and decline in non-metro areas varied according to provincial economic activities**

For Canada as a whole, both non-metro and metro employment tended to grow at the same time and to decline at the same time (Figure 1). However, in some provinces, such as Newfoundland, New Brunswick, Manitoba and Saskatchewan, there was a weaker correlation between non-metro and metro employment change. British Columbia was the only province to show employment growth in non-metro areas and metro centres for each year since 1987.

## **The non-metro and metro unemployment rates converged during periods of economic recession and diverged during periods of economic expansion**

In Canada, as a whole, the unemployment rate<sup>1</sup> was higher in non-metro areas than in metro centres. As economic conditions changed, some unemployment tendencies were evident (Figure 2):

- leading into a recession, the rise in the unemployment rate was slower in non-metro areas than in metro centres.
- during recessions, the metro unemployment rate converged upward to the non-metro unemployment rate
- during economic recoveries, the non-metro and metro unemployment rates diverged and reached their maximum divergence
- during economic expansions, the fall in the non-metro unemployment rate was slower than the metro unemployment rate.

Thus, in good times, the unemployment rate in non-metro areas declined less. As the economy deteriorated, the non-metro unemployment rates rose more slowly but to a higher level than in metro centres.

## **In the Prairie provinces, non-metro unemployment rates were generally lower than metro unemployment rates**

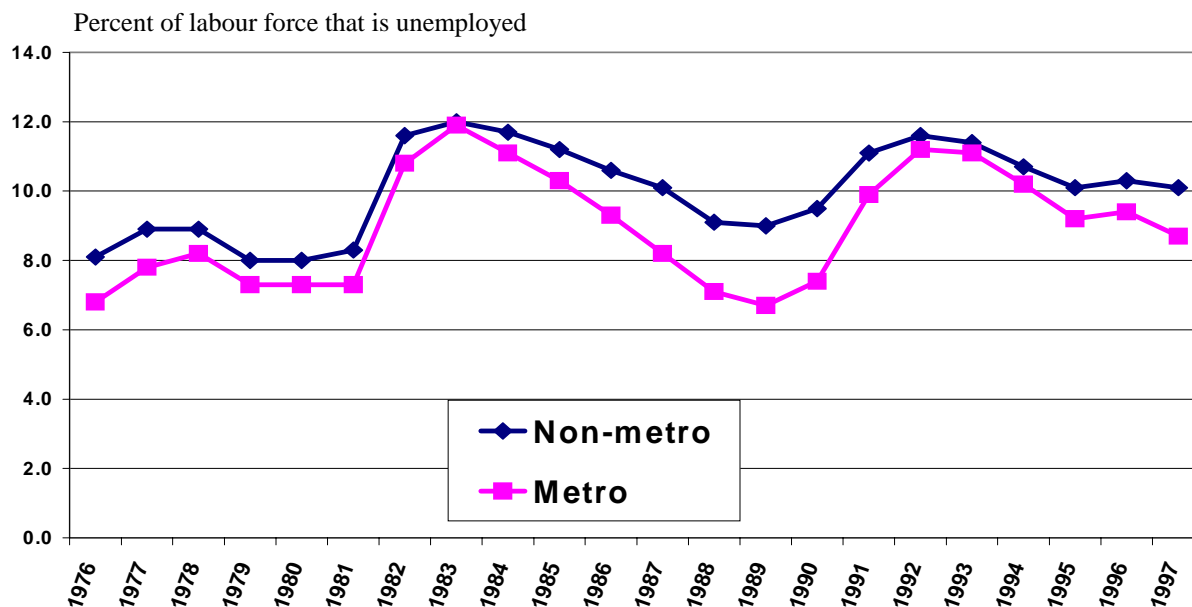
Unlike the rest of Canada, the unemployment rate in Prairie non-metro areas was generally lower than the unemployment rate in metro centres. This is explained, in part, by the larger concentration of farming activity in the rural Prairie regions. Farmers, unlike workers in other primary sectors, are not classified as unemployed during the off-season because they own their businesses. In addition, unemployed persons in the rural Prairies tend to move to the cities to look for work and are enumerated as unemployed there.

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<sup>1</sup> The unemployment rate is the percent of people in the labour force (i.e. those who are aged 15 years and over, employed and unemployed) who are not working.

Figure 2

Unemployment rates converged during recessions and diverged during expansions



Non-metro refers to non-CMAs for 1987-1997 and to NSRUs for 1976-1986.  
 Metro refers to CMAs for 1987-1997 and to SRUs for 1976-1986.  
 Source: Statistics Canada. Labour Force Survey.

In contrast, eastern Canada and British Columbia had a higher non-metro unemployment rate compared to their metro centres. This was due, in part, to the greater amount of seasonal work (i.e., fisheries and forestry) in these provinces.

Employment rates<sup>2</sup> were lower in non-metro areas

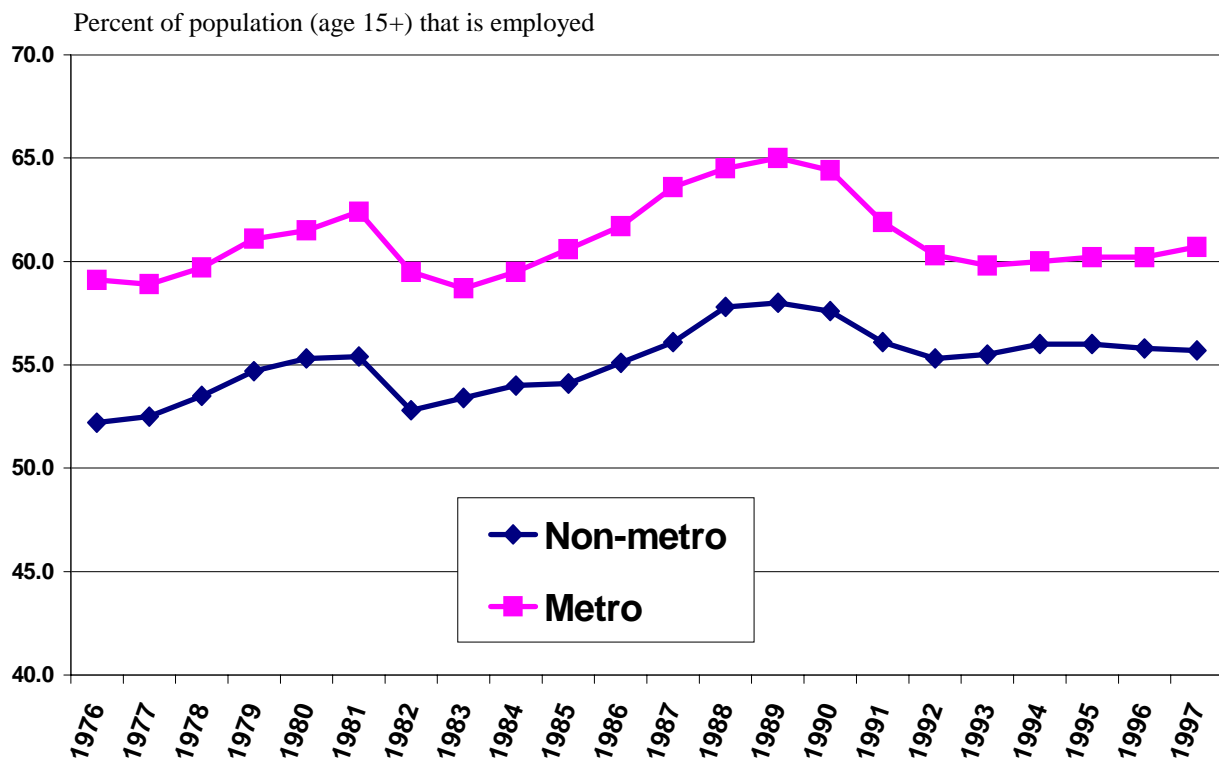
For Canada as a whole, employment rates were lower in non-metro areas and higher in metro centres over the 21-year study period (Figure 3). This was generally the pattern in all provinces except Manitoba in the early 1990s and some years in Prince Edward Island. This signifies that, in metro centres, a higher proportion of the population was employed compared with the population in non-metro areas. A major factor responsible for the lower employment rate in non-metro areas was the aging of the population. Among all age groups, the highest population growth rates in rural areas and small towns in Canada tend to be among people 65 years of age and over.

<sup>2</sup> The employment rate is the percent of people aged 15 and over who are working.

Employment rates in both non-metro areas and metro centres followed similar trends over the last two recessions. In non-metro areas and in metro centres, employment rates fell sharply in 1981 and rose slowly during the economic recovery and expansionary periods between 1983 and 1989. Despite high employment growth rates during the economic recovery and expansion periods of the 1980s, it took six years for employment rates in non-metro areas and metro centres to return to their pre-recession levels. During the business cycle of the 1990s, employment rates of non-metro areas and metro centres fell less sharply between 1990 and 1992. But given the lower employment growth rates in both non-metro areas and metro centres between 1993 and 1997, employment rates had not returned to their pre-recession levels (Figure 3).

**Figure 3**

**Employment rates were lower in non-metro areas**



*Non-metro refers to non-CMAs for 1987-1997 and to NSRUs for 1976-1986.  
 Metro refers to CMAs for 1987-1997 and to SRUs for 1976-1986.  
 Source: Statistics Canada. Labour Force Survey.*

## Employment rates were higher in Western Canada

In 1997, Alberta had the highest employment rates in both metro centres (68 percent) and in non-metro areas (67 percent) (Table 1). Interestingly, between 1991 and 1996, employment rates in Alberta were higher in the non-metro areas than in its metro centres. This reflects the relative capacity of the regions' resource bases (primarily located in rural areas) to provide local employment opportunities.

In 1997, each of the western provinces, as well as Prince Edward Island and Ontario, had non-metro employment rates higher than the Canadian average. Quebec and the other Atlantic provinces were below this average. Newfoundland (37 percent) and Nova Scotia (48 percent) had the lowest non-metro employment rates while New Brunswick (54 percent) and Newfoundland (55 percent) had the lowest metro employment rates.

**Table 1**

### In non-metro areas in 1997, Alberta had the highest employment rate and Newfoundland and Nova Scotia had the lowest employment rates

Provinces	Metro centres	Non-metro areas	Percentage point difference
	Employment rate in 1997 (percent of individuals 15+ years who are employed)		
	(1)	(2)	(3) = (1) - (2)
Newfoundland	55.4	36.6	18.8
Prince Edward Island	n.a.	56.4	n.a.
Nova Scotia	61.9	47.5	14.4
New Brunswick	54.0	52.1	1.9
Quebec	56.4	52.3	4.1
Ontario	61.8	56.6	5.2
Manitoba	62.6	62.4	0.2
Saskatchewan	64.1	61.0	3.1
Alberta	67.9	66.8	1.1
British Columbia	60.0	58.3	1.7
Canada	60.7	55.7	5.0

*There are no CMAs (i.e. metro centres) in Prince Edward Island.  
Source: Statistics Canada. Labour Force Survey.*

There is a large gap between the non-metro employment rate and the metro employment rate in Newfoundland (a 19 percentage point difference) and in Nova Scotia (a 14 percentage point difference). In these provinces, there is a significantly smaller share of the population that is working in the non-metro areas compared to their metro centres. The gap between the non-metro areas and the metro centres in the other provinces is similar to or smaller than the Canadian average gap of 5 percentage points.

It is interesting to compare how the non-metro areas and metro centres employment rates recover after a recession. After the recession of 1982, the number of years taken to return to pre-recession employment rate levels varied among provinces but was most pronounced in western Canada. While it took 7 and 5 years, respectively, for employment rates to return to their pre-recession levels in Manitoba and Saskatchewan metro centres, it only took 3 years in both provinces' non-metro areas. Although it took 9 years for employment rates in Alberta's non-metro areas to return to their pre-recession level, Alberta's metro centres employment rates never returned to their pre-recession levels. In British Columbia it took 8 years for the province's employment rate in non-metro areas and in metro centres to return to their pre-1981 levels. But the level of employment never declined between 1976 and 1997 in British Columbia.

## **To summarize**

Employment growth rates in non-metro Canada decline less in a recession compared to the growth rates in metro centres. However, leading into a recession, non-metro employment growth slows sooner and growth rates are lower than in metro centres. During recovery periods, non-metro employment growth rates are higher but are overtaken by metro centre growth rates in expansion periods.

Unemployment rates are higher in non-metro Canada, except in the Prairie provinces. However, unemployment rates in metro centres increase faster and essentially converge with non-metro unemployment rates during a recession.

Non-metro Canada has a lower employment rate than metro centres. As in metro centres, the employment rate in non-metro areas falls sharply during a recession and rises slowly following a recession.

For background details, refer to the working paper **Employment Patterns in the Non-metro Workforce** (Ottawa: Statistics Canada, Agriculture and Rural Working Paper No. 35, Cat. No. 21-601-MPE98035). To order, phone the Agriculture Division of Statistics Canada at 1 800 465-1991 or the Regional Reference Centre at 1 800 263-1136. Robert Mendelson may be contacted at (613) 951-5385 (mendrob@statcan.ca).