

---

## Feature Article—Migration between Core and Peripheral Areas

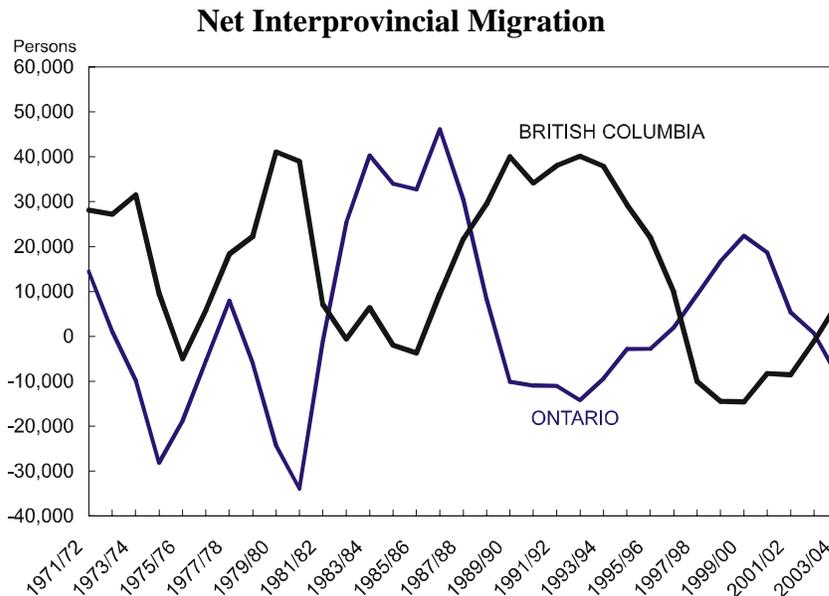
---

Springtime weather has allowed housing starts to climb rapidly again in BC; however, fewer units are being built in Ontario and Quebec. Rising commodity prices have resulted in more employment in the resource sector; however, for Central Canadians, manufacturers have been contending with higher input costs as well as increased competition from imported finished products. Over the last year, more people have been moving into BC from other provinces than out, once again resulting in positive net migration. At the same time, an increasing number of people are moving out of Ontario. Migration flows can help describe an important relationship between core and peripheral regions.

*Over 12,000 more people moved in to BC than out, since the 2<sup>nd</sup> quarter of 2003*

Within Canada, migration between provinces has fluctuated. As the graph shows, net migration for BC has oscillated with peaks followed by valleys, and reflects the ‘boom and bust’ nature of the economy. Net migration for Ontario has also fluctuated but in the opposite pattern. When net migration is most positive for BC, it is most negative for Ontario and vice versa. The one time period when the ebb and flow are not consistent between the provinces occurred in the mid 1970s, and is largely attributed to the general economic slow-down associated with the first OPEC oil shock.

*Over 15,000 more people moved out of Ontario than in, since the 2<sup>nd</sup> quarter of 2003*



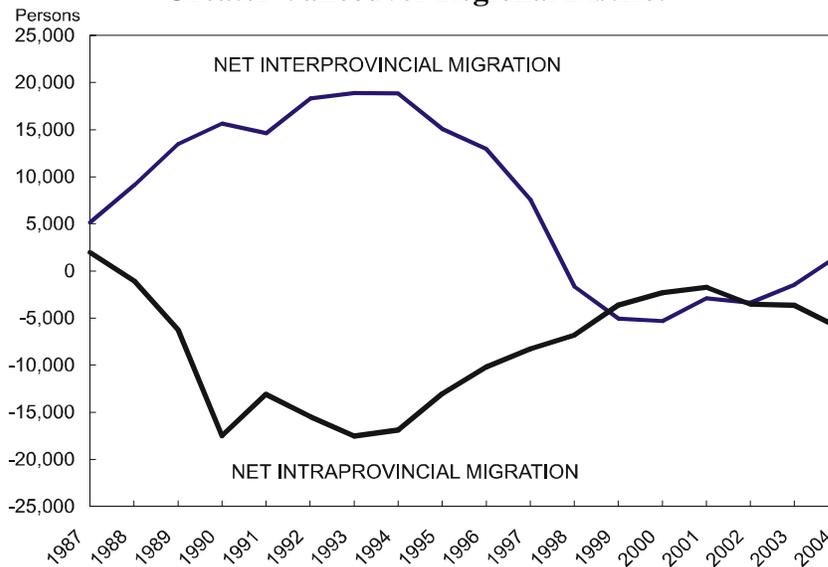
Source: Statistics Canada

The migration of people within the nation can be viewed in terms of the relationships between the extraction of raw resources and the movement of goods through processing facilities and then to retailers and eventually to customers. When there is an abundance of raw material, processors benefit from lower input costs resulting in more employment, outputs of refined products, and services. When the supply of raw resources declines, manufacturing tends to slow as commodity prices rise, although manufacturers of heavy equipment may do well.

Most manufacturing, along with the attached administrative services, is found where most people live. In Canada, the most densely populated areas are found in the Windsor–Quebec City corridor. On the other hand, commodities are found in abundance where there are fewer people. As the supply of raw resources declines, its value rises, increasing employment opportunities in rural areas. In order to increase the supply of raw materials, wages rise, attracting migrants who are prepared to move out of higher to less densely populated areas. On the other hand, when there is an abundance of raw material available, commodity prices decline and manufacturing benefits from lower input costs.

*Nationally, over 90,000 jobs have been lost in the manufacturing sector in the last 12 months. The majority of these were in Central Canada.*

**Internal Migration to and from the Greater Vancouver Regional District <sup>1</sup>**



Source: Statistics Canada

*When commodity prices are high, rural regions lose fewer people and gain migrants from core areas.*

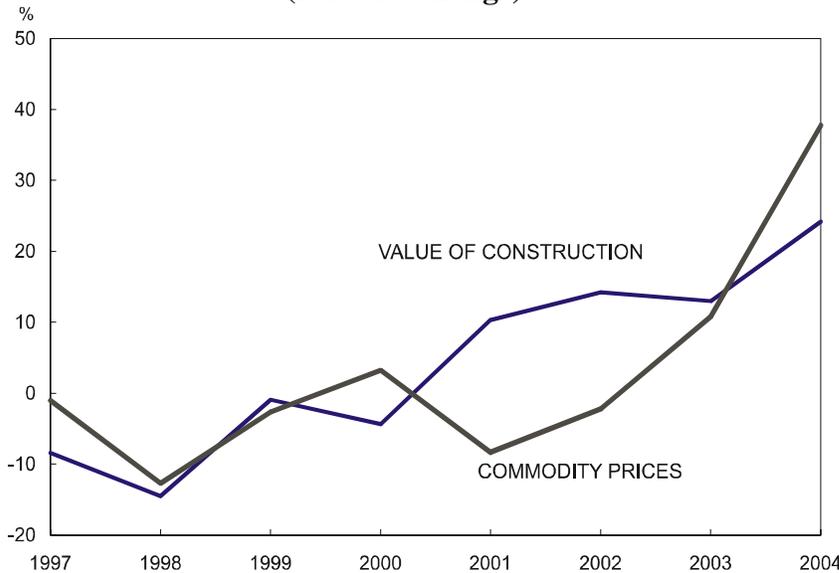
<sup>1</sup> Internal migration refers to migration within the nation. Intraprovincial migration refers to migration within a province, while interprovincial migration refers to migration between provinces

An increase in the extraction of raw resources results in increased transportation and warehousing as well as the attached administrative services. Not only do people move out of the nation's core to the resource-rich regions, but an increasing number of people move from the regional centres to the less densely populated rural areas.

One of the first migrants on the scene, whether during expansion into peripheral areas, or during contractions back to core areas, are builders. When the price of commodities increases, the building of extraction facilities, as well as transportation networks and housing, results in increased human (and consequently economic) activity in less densely populated areas. The reverse occurs when the price of commodities declines and employment opportunities in manufacturing increase. Currently, the most manufacturing-oriented regions in the country are experiencing weakening activity, while resource-based economies are growing.

*During the last year, over half of the increase in construction employment nationally, occurred in BC.*

**Aggregated Commodity Prices and Total Building Permit Value (Percent Change)**



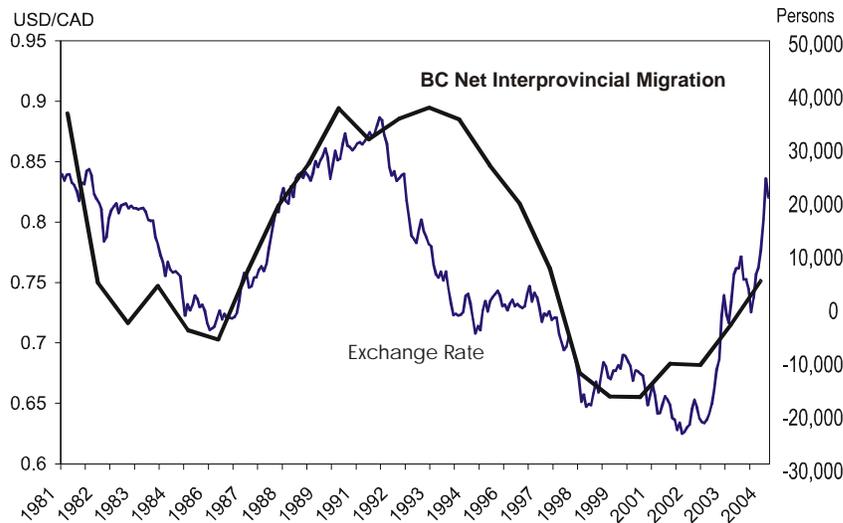
*Commodities are in high demand and more people are moving into BC once again.*

Source: Statistics Canada; BC Ministry of Energy, Mines and Petroleum Resources.

Since the value of the Canadian dollar relative to the US dollar largely reflects the change in the value of raw resources, it also correlates with net migration to and from resource-based economies. As the value of the Canadian dollar relative to the US

dollar and commodities rise, migration to resource-based economies also tends to rise.

### Exchange Rate and BC Net Interprovincial Migration



Source: Pacific Exchange Rate Service; Statistics Canada

Given the cyclical nature of resource-based activity, it is likely that fluctuations will continue to occur in the future. Two important factors that influence migration are at work currently. The urbanization of China with its complementary increase in mechanization, driven by an increased use of fossil fuels, is resulting in an increase in demand for raw resources, and at the same time increasing the supply of finished products. This will likely continue to put pressure on Canadian manufacturers, thereby increasing out-migration from the Windsor–Quebec City corridor. At the same time, resource-based economies, particularly those with fossil fuels, will likely have an increase in in-migration.

If the transition in China from an agrarian to an industrial economy continues, even at a moderate rate, the bust side of the cycle may be avoided, at least for a while. However, without the benefit of a capable manufacturing sector, negative net migration for British Columbia may occur again.

*Urbanization in China has helped increase interprovincial migration to BC.*