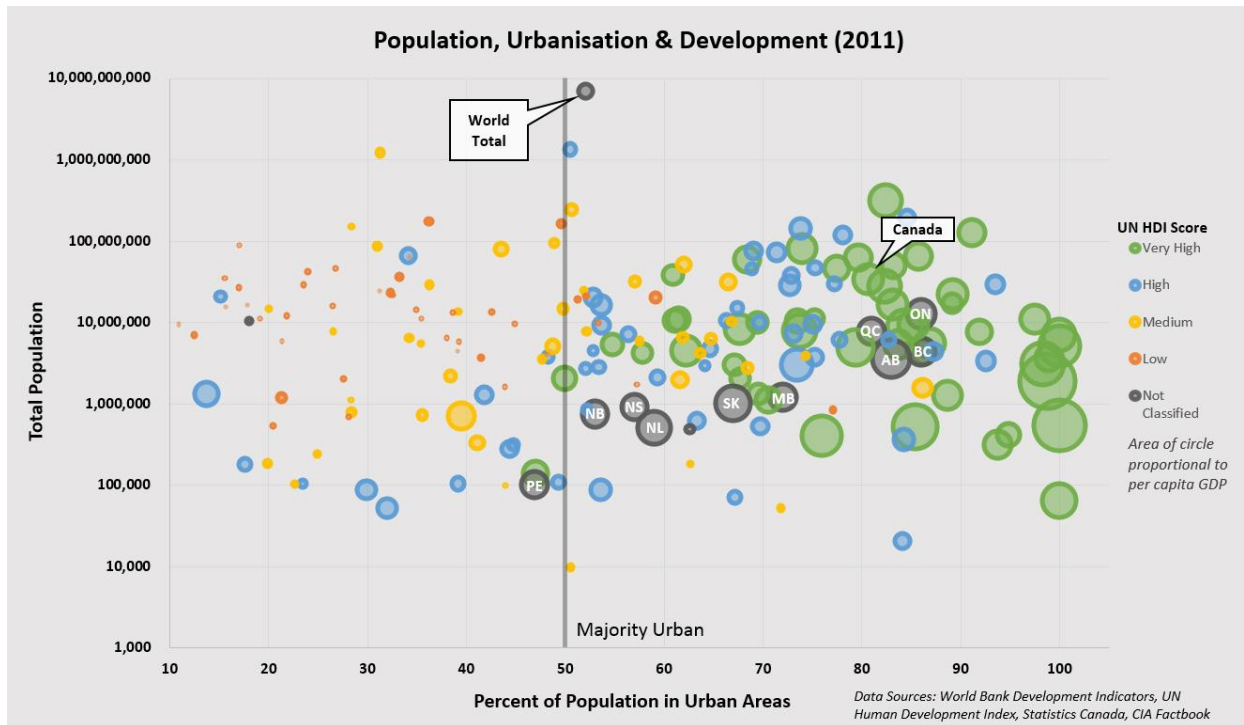


RURAL TO RICHES



Among the strongest barrier to growth identified by the Ivany Report is Nova Scotia's urban-rural dissonance. This is unfortunate because when it comes to the urbanisation rates of a population, the real divide exists in prosperity, not personality. As illustrated above across 190 nations and city-states, urbanisation is a strong determinant of economic progress as measured by per capita GDP, and more importantly, social development by more holistic measures such as the UN Human Development Index (UN HDI).

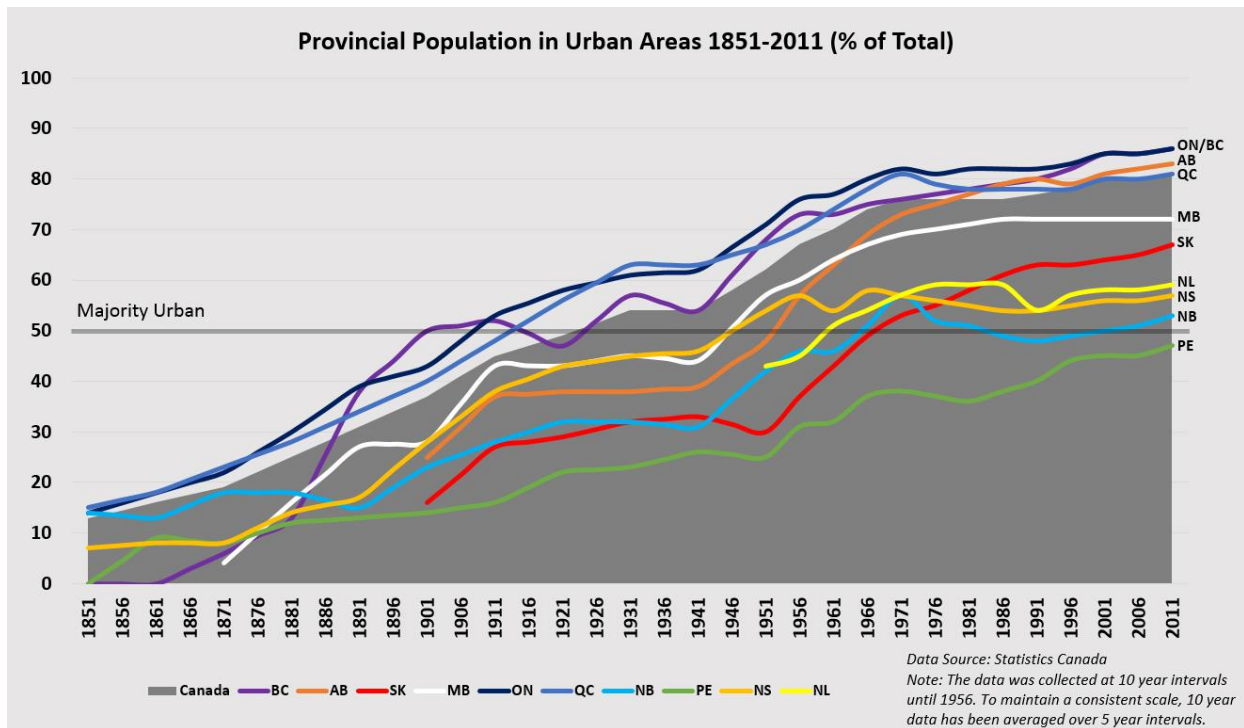
That clarion call has been echoing around for a few months now, and whether the mental jolt it produced simply dislodged old ideas or sparked the firing of new neurons, it seems everyone who's since written about the province has made sure to invoke it. This habit mirrors another that's persisted for the last few years in the world of urban planning. Basically, if you want to write about planning or development, proper etiquette requires you begin by pointing out that more than half the world's population now lives in urban areas. This observation comes from a 2007 UN Population Fund report which predicted that in the following year humanity would cross this 50% threshold for the first time in history (the UN has more recently determined that we are now a 54% urban species). Much like the Ivany Report, since its release virtually everyone who's written something about cities has opened by making that reference to it. As this article seeks to examine both urbanisation and its role in our region, we have laboured to ensure its opening maintains convention on both counts.

The Urban-Rural Balance

Proportion of urban population is important because it gives high-level insight into the state of development. National statistical offices such as Statistics Canada, and supranational organisations like the World Bank track it as a means of understanding how economic development is improving, and by extension, things like public health and social progress. In fact, it appears rare for any state to reach per capita GDP levels of \$10,000 (Canada's is \$41,333) prior to reaching a 60% urbanised population. The link between increasing urbanisation and improvements in a host of vital societal characteristics is incredibly strong, "... no country in the industrial age has ever achieved significant economic growth without urbanisation" reads the UN report. Thus it is a big deal that the global population is majority urban.

It is important to note that in this context “urban area” is defined by population size and density. StatsCan considers an area to be urban if it has a population of at least 1,000 and a density of at least 400 people per square kilometre (a bit less than two-thirds of an acre per person). The definition does not inform us about the type of built environment the urban population inhabits; dwellers of small towns, bedroom communities and inner core high-rises are all counted the same. The bar for “urban” is set very low, so we are not talking about city versus suburbs or country, but more the contrast between populations organised into even modestly sized communities, versus spread out in decentralised settlement patterns.

The crossing of this global threshold is being driven by developing countries, especially in Asia. We suspect the full impact of this milestone may be lost on most of us in the developed world. Canada for example has been a majority urban population since before the Great Depression. In fact, today 81% of our national population resides in urban areas. This is roughly equivalent to most of the developed world, including dense European countries like the UK (80%) or the Netherlands (84%). It’s a bit embarrassing considering how often our national identity is emblematised by the rugged frontiersman or the intrepid arctic explorer (a dilemma we imagine also shared by other “wilderness” countries such as Australia and Iceland, both of which are even more urbanised than us).



Though Canada is a highly urbanised country, it is also large and diverse; national averages tend to conceal substantial regional variations. Nova Scotia for example started out heavily rural like the rest of the country, but urbanised at a slower pace, reaching a majority decades later around the end of WWII. However, while the country as a whole continued to trend upward, Nova Scotia stayed roughly where it was. The 2011 Census puts its urban population at 57%; higher than Haiti (53%), but lower than North Korea (60%). The story for Atlantic Canada is generally the same and no province has yet to best the performance of the Supreme Leader by this measure.

Now obviously quality of life outcomes are driven by numerous factors. No doubt that the average Nova Scotian is better off than the average North Korean. Urbanisation is an inseparable part of progress, but still only a part. Additionally, economic prosperity itself drives urbanisation; an urbanising population is both a means and a result of progress. However these considerations do not diminish the fact that increased urbanisation is a key ingredient of positive economic development. Continuing research affirms this relationship both in the economic histories of developed countries and the current transition underway in the developing world. According to the World Bank’s Commission on Growth and Development, at least 55% of the income variance between countries can be explained by urbanisation rates. The chart on the opening page illustrates this relationship superbly. Countries with more urban populations tend to be more prosperous; per capita GDP is higher, they perform better on the UN’s Human Development Index. Notice the association is less clear between prosperity and total population. When it comes to

human capital, it's not what you've got, but how you use it that counts.

Our Urban Opportunity

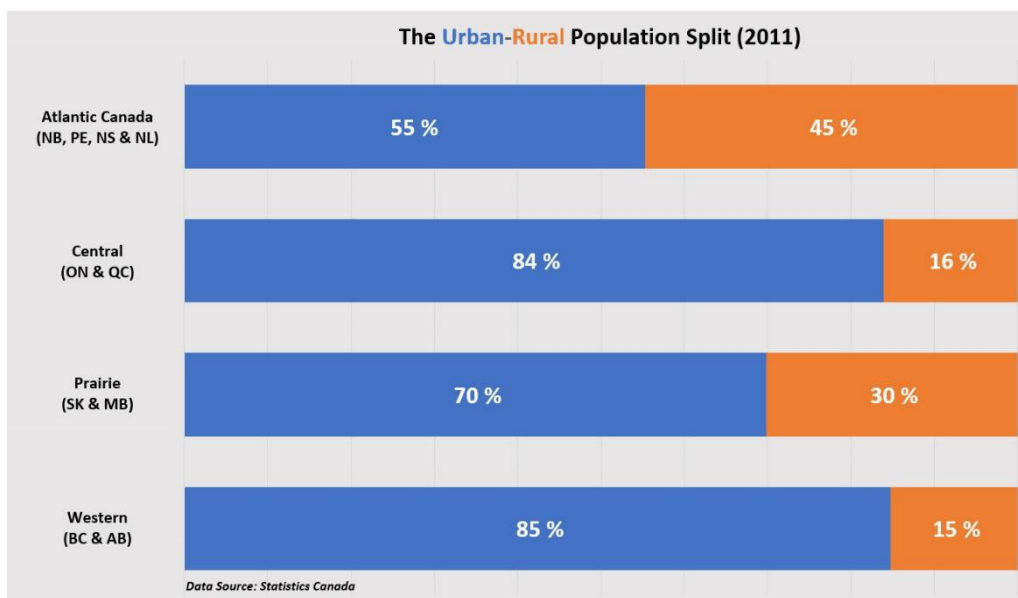
By saying this, we are trying to illustrate the opportunity before us. Urbanisation produces twin economic benefits; significantly improved resource consumption efficiency, and enhanced economic productivity. The more urban our population, the cheaper and easier it is to provide high quality public services and infrastructure. Simultaneously, the more productive our economy, the better our general welfare. Society doesn't just get more, it gets more for less. Even in countries with advanced, knowledge-based economies, the productivity bonus of centralised urban populations is still potent. This despite advances in communications technology that were supposed to make location irrelevant. Recently, research from economist Enrico Moretti estimate the economy of the United States (83%) still misses out on \$1.8 trillion annually due to the quantity of people who are priced out of highly productive urban areas by housing costs.

Yet, we have something of a neurosis when it comes to the topic. The Ivany Report specifically highlights ideological conflicts that fall along the urban-rural "fault line" as a barrier to positive unified action. More locally, Halifax's recent Regional Plan 5-Year Review Process offered numerous examples of conflict arising from the perception of one population group benefitting at the cost of the other. This is the debate we are familiar with; one that confuses support for urbanisation with passing judgement on individuals, and one that is grounded in how the built environment evolves as populations urbanise.

Make no mistake, the form and location of development is a critical and more nuanced discussion. Here in our Planning Division, we aim to facilitate it by bringing an eye for market analysis and urban economics to the table. Recognising that development demand is a limited resource, it is incumbent on us to optimise its collective advantages. Our approach is to conduct a Cost Benefit Analysis to quantify the impact of a plan or proposal, illustrating the opportunity costs and enabling a fuller discussion of the merits.

However, for now the point is that before getting into the weeds, we can surely agree with the premise that there is much to gain from a basic shift in our urban-rural balance. At the very low end, achieving a minimum total population of 1,000 people and a density of at least 400 people per square kilometre ("urban" as defined at the beginning of this article) should be relatively easy and uncontroversial.

Looking at our standing relative to the rest of the country, we ought to recognise that Atlantic Canada has plenty of room to make these easy gains. Even dramatic changes do not threaten to eradicate rural lifestyles for those who choose them. As a whole, Atlantic Canadians are a 55% urban population. If that share were to increase by half again, we would still have a heavier rural population split than present day British Columbia, Alberta and Ontario; provinces that continue to maintain a strong rural tradition.



We should also recognise that our own perception of urbanisation's value is muted. Even with our much lamented economic performance, we have been shielded from the full brunt of our economic reality by the equalisation we receive from the larger and more urbanised population in the rest of the country. We stand to benefit from urbanising, but it is difficult to build consensus around the idea because we exaggerate what we risk to lose, and underestimate what we stand to gain.

Conclusion

We know from the research of our Economic Intelligence Unit, and from our experience working throughout Atlantic Canada for the past four decades, that the conditions and difficulties identified by the Ivany Report are generally applicable to the whole of the Atlantic region. So regardless of where you live in Atlantic Canada, you should be concerned with our current urban-rural balance. Adopting a vision for the region that is more urban is important if we are going to mount a serious attempt at meeting those economic and demographic challenges. It should be something we can all agree on because:

Supporting urbanisation isn't about choosing one segment of the population over the other; it's about choosing prosperity over stagnation. We lag most of the country (and the developed world) in achieving a broad concentration of our population, and as a result we collectively miss out on the efficiency and productivity benefits that come with it.

If we totally ignore urbanisation, but are still successful in promoting economic development, it's essentially guaranteed to happen anyway. This is borne out in the history of developed countries like our own, and in currently developing countries the world over. The economic forces we hope to fuel our prosperity will require and stimulate urbanisation.

It is already happening, has been for the last few decades, and will likely continue in the event that we fail to achieve meaningful economic progress. In Atlantic Canada, most rural communities are struggling with continuing demographic and economic decay. No place has been left completely untouched by these forces, but they are far more intractable in rural areas as compared to urban. If we fail to effect change, the current shift in urban-rural balance will continue, though driven by the comparatively faster decline of rural population.

If urbanisation is going to continue either way, let's make it happen for the right reasons, and make the most of it while we're at it. This is not to suggest a government mandated relocation program as our golden ticket. Urbanisation is an emergent process, at least outside North Korea, it needs to pull people into it. Public intervention should consist of investment and policies that support urbanisation, not force it, and seek to optimise its benefits. At the very least, it should be diligent to avoid parochial responses that seek to hinder or misappropriate it. Writing in response to the Ivany Report, Don Mills' August Op-Ed in Halifax's Chronicle Herald was right on the mark when it suggested concentrating support around eight hub communities across Nova Scotia. Focusing policy and investment strategically around urban areas amplifies the return on our effort. There is a great deal more we can do, but even engaging at this basic level will pay dividends: improved efficiency in service delivery, higher quality infrastructure at lower costs, increased economic productivity, reduced land use conflict with agricultural, natural resource, and renewable energy development. Strengthened urban communities reduce our fiscal challenges and improve our economic competitiveness. In turn, they support stable, vigorous rural communities. Embracing that goal should not be a polarising idea.

Neil Lovitt heads up our Planning Division. If you're interested in how a Cost Benefit Analysis can enrich your next planning exercise, give him a call at (902) 429-1811 ext. 349.