

# **Human resource deficit in Atlantic Canada: A challenge for regional economic development**

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## ***Abstract***

Fertility decline and population out-migration have resulted in a decline of labour force in Atlantic Canada which is projected to slow down economic growth in the region. The region offers competitive advantage in many economic development-related projects such as hydroelectricity development and ship-building, in addition to fisheries and agriculture. Hence strategies to develop labour force through training, increased utilization of existing labour force, attraction of out-migrants back into the region and increased immigration are essential for regional economic growth and development. This article is based on the proceedings of 2012 conference of Atlantic Canada Economics Association, held in Halifax with the aim of promoting public discussions around regional labour market issues, and also on the author's own research and literature review.

## **Introduction**

Declining fertility rates and net outmigration of youth is resulting in declining labour force in Atlantic Canada at all skill levels. Shortages of health professionals, lawyers, engineers, brick layers, truck drivers, etc. often appear in the media and are topics of public discussions. According to the Conference Board of Canada (2012), declines in the labour force between 2011 and 2031 will range from 13 percent in Newfoundland and Labrador to 6 percent in Nova Scotia and 3 percent in New Brunswick, compared with a gain of 2.5 percent in Prince Edward Island and 16 percent nationally. The cumulative predicted decline in the region's labour force by 2031 is 73,600 people.

At the same time, Atlantic Canadians have embarked on, or are proposing, several multi-billion dollar projects that are essential for the long-term economic growth and development of the region. There are 354 major investment projects in the region with a value of \$71 billion in various stages of their development (Council of Atlantic Premiers, 2012). Some such projects include the proposed hydroelectric development at Muskrat Falls in Labrador, which would also require transmission lines, some submarine, to bring the power to Nova Scotia; and a multi-decade naval ship-building program in Nova Scotia. All of these projects are expected to contribute significantly to economic growth in the region and maintain its competitiveness in global markets. They will have multiplier impacts on the region's economy as they will also enhance demand for

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products and services from other sectors such as retail trade and housing. As a result, demand for labour at all levels of skills is expected to rise in the near and distant future. The challenge before regional and provincial policymakers is how to meet this demand in light of declining population growth.

Federal and provincial governments are responding through several policy initiatives to develop the regional labour force. In October 2012, the Atlantic Canada Economics Association (ACEA) held its annual conference at Saint Mary's University in Halifax. The main theme of this conference was the role of human resource development in regional economic development. ACEA is an association of Atlantic economists from academic institutions, government departments and agencies, and the private sector. It facilitates collaboration and dissemination of research findings.

Two plenary sessions at the 2012 conference discussed the federal and regional initiatives undertaken to develop the region's labour force. Panelists included speakers from the federal and all four Atlantic provincial governments and the Atlantic Provinces Economic Council (APEC), a think tank. The present article is largely based on the proceedings of the two plenaries, and also on the author's own research on labour markets in Atlantic Canada. Section I presents some labour market challenges faced in Atlantic Canada that can have economic growth implications for this region. Section II briefly discusses a basic economic framework for enhancing a region's economic growth. Section III discusses the policy initiatives adopted in the region to address its labour market challenges. One of the two plenary sessions at ACEA conference focused specifically on the use of immigration as a tool to address the decline in regional labour force. Hence Section IV of this paper discusses the policy measures to attract and retain immigrants in the region. Section V concludes this paper.

## **I. Labour Market Challenges in Atlantic Canada**

In October 2012, APEC published a report on the recent labour market performance of Atlantic Canada (Atlantic Provinces Economic Council, 2012).<sup>2</sup> The report identified five major challenges that face regional labour markets: weakening demographic trends; the changing demand for skills; the need to improve workforce utilization; labour market responsiveness to demographic and economic change; and the adequacy of labour market information and policy. As a consequence of slower population and labour force growth, APEC expects the overall economic growth in the region to be slower in the next two decades than it was in the past two decades.

Weakening demographic trends result from declining fertility rates and a continuous net out-migration of younger, working-age population to other regions. As a result of this, the regional population now constitutes the highest percentage of seniors in Canada (Akbari, 2009).

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<sup>2</sup> Chaundy (2012) was based on some parts of APEC's report.

About 40 percent of the Atlantic labour force is in rural areas.<sup>3</sup> Competitive pressures have contributed to a decline in employment in primary industries and manufacturing, largely in rural regions and small, resource-based towns while employment continues to shift to the service sector. This industrial restructuring has enhanced job growth in urban centres, where the service sector is mostly located, thereby widening the gap between rural and urban employment. Furthermore, in the light of a declining labour force, it is essential to utilize the current labour force to its full potential. However, unemployment rate in the region is among the highest in the country, especially in rural areas. This high unemployment rate cannot be totally attributed to an aging labour force, because youth unemployment is also high. The APEC report points out the need for development of a concerted strategy for education and training of existing labour force which can meet the changing composition of skill requirements in the regional economy. Both government and the private sector should engage in this effort. Increasing the participation of under-represented groups such as women, older workers, and disabled can also help meet the goal of increased utilization of labour force. Finally, labour market information on worker mobility, real wages across the region, and the demand and supply of workers for major investment projects are critical to enable individuals, employers, education and training institutions, and governments to make informed choices and to facilitate labour market adjustment.

In the context of increasing labour force utilization, while APEC's report emphasizes the importance of under-represented groups, it only pays attention to broad demographic groups (women, older workers and disabled). However, as will be discussed later in this article, the region is also experiencing increasing inflows of immigrants and international students from different parts of the world. This is because policy makers in the region are using immigration as one strategy to reverse the impact of population decline on the size of regional labour force (Akbari, 2009). Recent immigrants are selected to fulfill specific skill requirements which means the employers have to accommodate a diverse labour force if they want to survive in a competitive business environment. According to the 2006 population census, 28 percent of total population of Canada was born abroad, the highest level in 70 years.

The Conference Board of Canada predicts that members of visible minorities in Canada will comprise approximately 20 percent of the population and approximately 18 percent of the labor force by 2030. Smaller regions, such as Atlantic Canada, face the challenge of attracting and retaining skilled workers in the face of greater economic opportunities in other parts of the country which may also possess larger immigrant communities. An aging population, declining birth rates, out-migration of youth population, and global competition for talent pose a challenge for smaller regions looking to attract top talent to lead them to future success. Economic theory would suggest that a firm whose workforce is segregated on the basis of race, religion or gender would lose profitability because it may not be hiring enough available productive workers and may also be

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<sup>3</sup> Based on special tabulations obtained from Labour Survey of 2010, provided by Statistics Canada.

paying higher than necessary wages just to maintain segregation.<sup>4</sup> Hence, such firms would be unable to survive in a competitive business environment.

While no evidence exists on the diversity of workforce in Atlantic business, such information is available for other regions. One survey was conducted in 2008 for 236 large nonprofit organizations (51 percent of whom were in health and social welfare sectors) in Ontario (Bradhsaw and Fredette, 2012). The survey investigated the diversity of the board members of these organizations and found that about 88 percent of board members were white, with the rest thinly divided between eleven ethnic groups. About 44 percent were women. The survey also analyzed the effectiveness of board members and found a negative correlation between board effectiveness and the extent of diversity in an organization. These results indicate the barriers new immigrants could face in labour market integration. Atlantic Canada has started to play a greater role in national immigration program only recently and its workforce is becoming increasingly diverse on the basis of ethnicity and religion. To retain immigrants, it is important for both employers and workers to create an environment in which minority workers feel accepted.

## II. Basic economic framework for regional economic growth

Economic growth literature provides a framework to understand the impact of labour force decline on economic growth of a region.<sup>5</sup> Suppose, for a given amount of capital, the aggregate production function for the whole regional economy is:

$$Y = f(L)$$

Where  $Y$  is the aggregate output and  $L$  is the regional labour force. Thus, the growth of regional output over time must be due, in an immediate sense, to the growth of labour. If  $\dot{Y}$  is growth in output overtime (economic growth) and  $\dot{L}$  is growth in labour force overtime, then one can write:

$$\dot{Y} = Y_L \dot{L}, \text{ where } Y_L \text{ is the marginal product of labour.}$$

$$\text{Hence, } \dot{Y}/Y = Y_L (L/Y) (\dot{L}/L)$$

Under perfectly competitive labour market conditions, workers are paid according to their marginal product. Hence, the above result shows that the rate of growth of regional output ( $\dot{Y}/Y$ ) depends on the share of output paid to labour [ $(Y_L (L/Y))$ ] and the growth rate of labour ( $\dot{L}/L$ ). It is clear in the above result that if a region's labour force is shrinking, it would lead to a slowing down of its economic growth. Growth economists argue that a slowing down of economic growth would result in a lowering of the standard of living of resident population. Smaller regions like Atlantic Canada will suffer

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<sup>4</sup> This suggestion of economic theory is derived from the personal prejudice models based on Becker (1971).

<sup>5</sup> In economics, there is a vast literature on economic growth. Some prominent contributors to this literature include Solow (1957) and Jorgenson and Griliches (1967).

an added adverse effect of economic growth decline in that they would also experience a decline in their economic position *relative* to larger regions, such as western and central Canada, which attract workers from smaller regions. Hence, it is necessary for regional planners to adopt measures to prevent shrinking of labour force. To do so, incentives would have to be created to prevent out-migration of workers.<sup>6</sup> Encouraging workers from other regions of Canada and also from other parts of the world to move to Atlantic Canada will also help in preventing the decline of labour force.

The above growth accounting result also indicates that measures to increase the productivity of labour (L/Y) can also have growth augmenting effects. Such measures require investments in education and training of workers.

We now turn to some policy initiatives adopted in Atlantic Canada to prevent its labour force decline.

### **III. Policy initiatives to address labour market challenges**

The federal and all four provincial governments in the region have been adopting collaborative attempts to deal with labour market challenges. These attempts are included in broader economic collaboration initiatives in the region. Three examples of these initiatives undertaken since 2000 as discussed by Conrad (2012), include:

1. Formation of the Council of Atlantic Premiers (CAP) in 2000.<sup>7</sup> The main mission of CAP is to promote collaboration among the four Atlantic provinces and development of unified positions on national issues. Premiers are committed to working together and with the federal government on issues of importance to all Atlantic Canadians, including enhancing trade opportunities, supporting research and development, investment in renewable energy initiatives, and economic and social cooperation. In its June 2012 meeting, CAP agreed to collaborate on addressing skills deficits, enhance training programs and apprenticeship opportunities, recruit and retain immigrants, develop regional perspectives on national programs such as employment insurance and federal labour market programs, leverage each province's strengths to fill supply chain gaps in support of large-scale projects and build on one another's economic strengths. One agency of CAP is the Council of Atlantic Ministers of Education and Training (CAMET) whose purpose is to enhance cooperation in public (Entry-12) and post-secondary education in Atlantic Canada by working together to improve learning, optimize efficiencies and bring added value to provincial initiatives.

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<sup>6</sup> One such incentive introduced by the Nova Scotia government in 2009 is the graduate retention rebate which provides monetary incentives to university graduates to live in Nova Scotia. Details available on [www.novacotia.ca](http://www.novacotia.ca)

<sup>7</sup> In fact, CAP is an outgrowth of the Council of Maritime Premiers, which was established in 1970. CAP is the same as CMP, only with Newfoundland and Labrador included.

2. Formation of Atlantic Population Table (APT) in 2005. Atlantic Canada Opportunities Agency, a federal regional development agency, established the APT with representations from the Citizenship and Immigration Canada (CIC), Human Resources and Skills Development Canada (HRSDC) and the four provincial governments. APT was instrumental in marketing and labour recruitment efforts, on regional, national and international front, to meet the region's workforce needs. The funding agreement supporting the APT expired in 2012.
3. Establishment of Atlantic Workforce Partnership (AWP) in 2012. With the expiry of APT, the four premiers in the region have established AWP to build and strengthen the region's workforce. AWP enables provinces to work together to improve skills training, promote apprenticeship opportunities, and recruit and retain immigrants. Under skills training and the apprenticeship opportunities, AWP focuses on curriculum development, prior learning and assessment recognition and mobility of workers. On the immigration front, the AWP aims to promote the region in international markets, develop schemes to retain and integrate international students and develop employer readiness for immigration reforms. AWP also recognizes the importance of Labour Market Information (LMI). As identified in the APEC's (2012) report, LMI is "critical to enable individuals, employers, education and training institutions, and governments to make informed choices and to facilitate labour market adjustment. While there have been improvements to LMI, gaps still remain including a lack of data on labour mobility; real wages across jurisdictions; and the demand and supply of workers for major investment projects. Further improvements in LMI need to be carefully considered to ensure they maximize value for money." In this regard, one of AWP's initiatives includes examination of labour market data sources, their acquisition and cost to ensure availability of reliable data for users.

In addition to these initiatives for workforce development, it is also important to enhance labour force diversity by making greater efforts to include individuals belonging to under-represented groups. A socially inclusive society is defined as one where all people feel valued, their differences are respected, and their basic needs are met so they can live in dignity. With respect to gender diversity, adoption of pay equity legislations for public sector employees in the provinces of New Brunswick, Nova Scotia and Prince Edward Island are important steps.<sup>8</sup> Some approaches by employers towards social inclusion of labor force members who belong to diverse ethnic and religious backgrounds could include: 1) mentorship and coaching, 2) sensitivity to dietary requirements of different faith and cultural groups, and 3) sensitivity to the use of humour (Bradshaw, 2012).

On the public policy side, the LMI component of the development of AWP, as was discussed by Conrad (2012), can be broadened to include information sessions for employers on the benefits of gender and ethnic diversity of labor force.<sup>9</sup> Economic

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<sup>8</sup> Pay equity legislations in these provinces have been introduced at different times over the past eight years.

<sup>9</sup> For a general review of the employers' benefits of ethnic diversity of labour force, please see Akbari (2006).

incentives, such as tax breaks to firms that employ diverse labor force may also be considered.

#### **IV. Immigration to meet the impending labour force decline in Atlantic Canada**

In the post-world war II period, many western countries including Canada have been using immigration as an important strategy to address their labour force decline. Immigrants tend to gravitate towards larger and urban regions of their host countries. Even if they initially arrive in smaller regions, they tend to move out towards larger regions of their host country mainly because of greater economic opportunities and presence of established immigrant communities. Hence, smaller regions face the challenge of not only attracting immigrants but also of retaining them.

Since late 1990s, immigration has increasingly become an important public policy strategy adopted in Atlantic Canada to help reverse the declining labour force trends. Separate agencies have been formed by each provincial government with mandates to increase 1) the level of skilled worker immigration as one way to deal with skill shortages; and 2) the retention rate of annual immigrant inflows, which has been low in most Atlantic provinces since the mid-1990s.

Through AWP, the Atlantic provinces are supporting immigration and attraction. Events are held for international recruitment of workers. Online training supports for small- and medium-sized businesses are available which facilitate hiring of not only local but also foreign trained workers whose credential may not be recognized in local markets. More than \$2 million is being invested, with over 20,000 workers in over 1,000 businesses taking advantage of this free online learning. Over 20,000 courses are available, including human resources, purchasing, and marketing. (Daily Commercial News, 2013)

Each government now has a Provincial Nominee Program (PNP), a federal-provincial bilateral agreement that allows each participating Canadian province to target and recruit immigrants to meet its own particular needs, and who are then fast-tracked through the system by CIC. Each province also collaborates with other provincial governments in the region and federal departments to develop promotional material, participate in overseas marketing missions, conduct research, assess and recognize foreign credentials and share information.

ACOA also recognizes the importance of immigration to the economic development of the region. ACOA works closely with the region's governments and its settlement organizations to facilitate in the settlement and integration of immigrants in the region. Strategies to attract and retain immigrants in rural areas are also worth mentioning as rural areas are the hardest hit by demographic decline. Thus, the Nova Scotia Department of Agriculture has partnered with the Nova Scotia Office of Immigration to attract immigrant farmers to rural areas of the province. New Brunswick has a separate strategy to attract and integrate Francophone immigrants especially in rural New

Brunswick. Newfoundland and Labrador partners with Rural Secretariat in attraction and retention of immigrants in rural areas. Some success has been reported in attracting immigrant physicians to rural areas of the province (Newfoundland and Labrador, 2005).

Municipal governments and the private sector also realize the importance of immigration in meeting local labour market demands and the need to build welcoming communities to retain immigrants. For that reason, immigrant attraction and retention are listed as key priorities in the economic strategy of Halifax Regional Municipality (HRM). In collaboration with the Greater Halifax Partnership (GHP), HRM has launched an Immigration Action Plan (IAP) to promote economic and cultural development, an example of public-private sector collaboration to meet local labour shortages in the region. Provincially-based immigrant settlement bodies and community groups work closely with their provincial and municipal governments to design innovative strategies to attract immigrants and facilitate their integration. Consultations are held with newcomers to help them find a job and establish a business.<sup>10</sup>

Since 2002, Nova Scotia, New Brunswick and Prince Edward Island have been welcoming rising numbers of immigrants each year. Tiny Prince Edward Island (PEI, total resident population about 140,000) received the most in 2010, but this was an anomaly caused by a rush of immigrants to get in before new CIC regulations took effect. Growth has been slower in Newfoundland and Labrador but has picked up since 2005, increases that may be largely attributed to deliberate attempts at government and community levels to attract immigrants to, and retain them in, the province. These attempts seem directed largely towards meeting the workforce requirements of offshore oil industry and in health care sector.

The introduction of PNPs has allowed provinces and territories to nominate immigrants who have specific qualities and skills that will contribute to the local economy. Under this agreement, each province nominates candidates who want to work and live in that province. Nominees must meet federal admissibility requirements, such as those related to health, criminality and security. As a part of the agreement, local communities can also identify an immigrant nominee to fulfill their own labour market needs. This program is designed with three primary streams: skilled worker stream, business applicants stream and international graduate stream. Besides fulfilling various entry requirements, skilled workers enter Canada with a full-time job offer or with the support of a Canadian family member residing in the concerned province while business applicants enter as entrepreneurs who will provide an economic benefit to the province. However, the family connection component of the skilled worker stream has now been eliminated.

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<sup>10</sup> Among the many services available for integration of newcomers, some include: the pre-arrival services provided by Immigrant Settlement and Integration Services of Nova Scotia to those approved to settle in Nova Scotia, and the pre-employment readiness service provided Association of Newcomers to Newfoundland and Labrador which also participates in the Acquiring eXperience and Integrating Skills (AXIS) career service provided to newcomers.

The international graduate stream allows international students who have graduated from a recognized Canadian post-secondary institution, to be considered for nomination by a province. This stream recognizes that international students offer a potential pool of skilled immigrants with Canadian educational credentials, possible local work experience, ties to local communities, and knowledge of one or both official languages. It fast tracks the landing process for those international students who wish to stay in the province after finishing their studies. The immigration strategy of Newfoundland and Labrador explicitly supports post-secondary institutions and K-12 schools in attracting increasing numbers of international students, with Memorial University being a key partner (Islam, 2012).

New Brunswick has also signed an agreement with the federal government that makes it easier for foreign graduates there to gain an additional year of work experience in their field of study. This change is expected to help graduates who wish to apply for permanent resident status as skilled workers by providing them with additional points on the selection grid in the area of experience (Ayles, 2012). Prince Edward Island and Nova Scotia also participate in the “International Graduate Stream”. In addition, Nova Scotia has also introduced “Nova Scotia International Student Program” to attract high school students from around the world. Single semester and/or full year programs are available in over 90 junior and senior high schools and there are two English as a Second Language (ESL) camps offered in July and August. Students aged 8-18 can participate in the scheme.

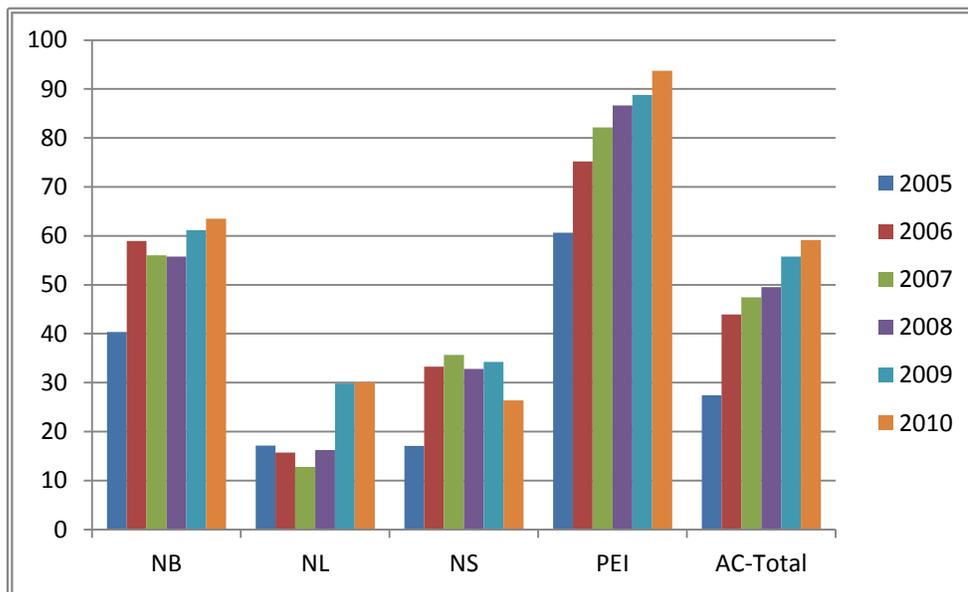
Universities and colleges in all four provinces are now more aggressively marketing their programs to attract international students. As Table 1 shows, New Brunswick was the first province to sign a PNP, in 1999. Different provinces negotiated PNPs with the federal government at different dates, initially for a limited term, but now each has been granted indefinite extensions to its original agreement.

	Date Signed	Expiry Date
Canada - Newfoundland and Labrador agreement	November 22, 2006, Originally signed September 1999	Indefinite
Agreement for Canada - Prince Edward Island cooperation on immigration	June 13, 2008, Originally signed March 2001	Indefinite
Agreement for Canada - Nova Scotia cooperation on immigration	September 19, 2007	Indefinite
Canada - New Brunswick Agreement on Provincial nominees	January 28, 2005; amended March 29, 2005, Originally signed February 1999	Indefinite

Source: CIC. 2011 (Section 3: Federal-Provincial / Territorial Partnership).

The nominee share of annual immigrant arrivals varies across provinces. Chart 1 shows the percentages of provincial nominees (principal applicants and dependents) in annual arrivals for Atlantic Canada and for each province since 2005. The region has experienced a consistent rise in its share of provincial nominees in its total immigrant arrivals since 2005. Since 2008, at least half the immigrants destined to the region came as provincial nominees. Prince Edward Island received the highest percentage of its immigrants as provincial nominees each year, totaling about 94 percent in 2010 but, as mentioned above, this was an anomaly caused mainly by a rush of applications before new more restrictive rules announced by CIC went into effect.<sup>11</sup> Newfoundland and Labrador experienced a sudden jump in provincial nominees to 30 percent in 2009 and 2010. Most arrivals in New Brunswick since 2006 were also provincial nominees. Their percentages in Nova Scotia have been modest over the 2005-2010 period and even declined in 2010.

Chart 1: Annual Arrivals of Provincial Nominees in Atlantic Canada by Province, 2005-2010 (%)



Source: Akbari (2012).

In sum, the new immigration to Atlantic Canada can be viewed as more “job oriented” than in the past. Larger numbers of immigrants now arrive in Atlantic Canada with job offers in hand than in the past, mainly due to PNPs. With the adoption of immigrant attraction and retention initiatives, the recent rising trends of immigrant arrivals are

<sup>11</sup> There is some controversy between federal government and the government of PEI over the implementation of PNP and its investment partner category was shut down in September 2008 (Wright, 2010). As of December 31, 2012 the PEI PNP has closed.

expected to be sustainable as a critical mass of immigrant population develops in the region. A more systematic research study should further investigate by estimating an econometric model for immigrants' location choice if these rising immigrant trends would have been observed even without the introduction of the PNP.

Whether immigration should be used to address the labour force decline is a controversial matter among economists. For example, in one plenary session of the 2012 ACEA conference, it was argued from the floor that immigration keeps the wages low and therefore reduces the standard of living of resident population. Because cost of production is kept low, there is also a disincentive for employers to adopt innovative ways of production. However, these arguments can be rebutted on several grounds. First of all, by keeping wages low, immigration also creates a scale effect by creating incentives for employers to expand business investments. This in turn can be a source of employment for local residents and also create incentives to invest in worker training and education. The scale effect of immigration also takes place when immigrants demand goods and services in the economy. Secondly, by keeping wage costs low, immigration helps keep product prices low which increases consumers' welfare. Last but not the least, research conducted at Conference Board of Canada has shown that immigration contributes to innovation in the economy which also has welfare enhancing effect (Downie, 2010).

### **Concluding remarks**

Like other provinces of Canada, provinces in Atlantic Canada face serious challenges in maintaining and developing their labour force essential to meet economic development requirements. Provincial and federal governments are responding to these challenges through various initiatives. Establishment of AWP is an important step that focuses on training and development of apprenticeship opportunities for the region's labour force. A recent example in this regard is the streamlining of apprenticeship programs in the region. Currently, the completion requirements and curriculum delivery for a number of trades vary across the region and the country. Common training and required hours will address interruptions in workforce entry, improve the transfer of skilled labour across provinces, and ensure the region has experienced and prepared apprentices ready to meet upcoming opportunities. Given that each province has small labour markets with common demographic issues, the AWP is a classic example of exploiting economies of scale by taking a unified approach to address those issues.

Economic development projects will create economic opportunities which in turn are likely to reduce the out-migration of youth and also create incentives for those Atlantic Canadians currently residing in other provinces to return to the region. However, declining fertility rates that are resulting in an aging population across Canada, which is likely to reduce labour force participation rates, have created increasing need for immigrants nationally and regionally. Research shows that the initiatives undertaken in Atlantic Canada to attract and retain immigrants in order to meet labour market shortages are showing results. The out-migration to other regions, of immigrants who

arrive in Atlantic Canada, has dropped (Akbari, 2009). The region now receives immigrants who fulfill some of the labour market needs such as in health care, information technology, teaching, and construction sectors. Unemployment rates among immigrants are lower than among non-immigrants. They also earn higher incomes, on average, compared to non-immigrants and take less time than nationally to catch up with non-immigrants in terms of labour market earnings (Akbari, 2011). The importance of immigration in the regional labour force growth is highlighted in evidence based research (Akbari, 2012).

Very recently, the federal government has introduced some policy changes that will have some negative impacts on immigrant attraction in smaller provinces. For example, the elimination of family connections and community streams will have an impact on the attraction of workers at all skill levels. The introduction of minimum language requirement for all low skilled workers will have an impact on attraction of unskilled workers, many of whom are working in service sector (for example day care and elderly care workers). The new educational credential assessment which now requires a mandatory assessment of foreign educational credentials to determine their equivalency to a completed educational credential in Canada will reduce the inflow of those immigrants who enter as skilled immigrants.

The closure of several CIC processing offices and regional restructuring of Atlantic Canada to be administered out of a Montreal-based headquarter are also of concern to Atlantic provinces. Last but not the least, an Expression of Interest (EOI) model will replace the Federal Skilled Workers Program in 2014. Under the EOI model, the federal government will perform the prescreening of workers who will be placed in a database which employers and, potentially provinces, can access. This model will have significant implications for small businesses in Atlantic provinces who will now be competing with larger businesses, especially those of larger provinces, to recruit immigrant workers.

Atlantic Canada presents a classic case of collaboration between smaller provinces to address their common economic and demographic challenges. Public policy initiatives adopted in the region to address these challenges focus on enhancing labour productivity and on growing regional labour force through immigration. These initiatives are in line with the prescriptions of economic growth theorists as discussed in Section II of this paper. However, provinces operate under the rules setup by the federal government which sometimes appears to act unilaterally. Given the small and shrinking population base, proportionate representation of each of the Atlantic province in the Canadian House of Commons has been small and declining (Akbari, 2012) which is likely to further diminish their political strength. Hence, unified policy approaches under AWP and CAP, or as under APT in the past, are important for Atlantic provinces to voice their concerns at national level.

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