

# Rural-urban migration in the 1990s

by Rick Audas and Ted McDonald

People often migrate to improve personal and economic circumstances for themselves and their families. While the reasons for migration are many and varied, a key factor for many working-age adults is to obtain better jobs — higher pay, more employment stability and a closer match between employment and personal skills. Migration also helps to balance labour markets by matching available jobs with people willing and able to fill them.

Out-migration is an issue of particular concern for rural communities. Many rural areas have a tenuous hold on public services — particularly health care and education — which may become even weaker if they lose people. Rural out-migration tends to involve young and educated people, which may contribute to an aging workforce in some rural areas and reduced capacity for economic growth.<sup>1</sup>

This article first profiles out-migration of adults aged 20 to 65 during the 1990s, comparing rural and urban migrants and the distance of the move — whether they changed community, region, or province. Second,



the changes in economic circumstances are compared before and after a move. Finally, a broader look at the

economic outcomes of spouses is examined as migration decisions have ramifications for all family members.

1. According to the 1996 Census of Population, in-migration of 20- to 28-year-olds to rural areas in Ontario, British Columbia, Alberta and Quebec helps to offset population losses of younger people in those areas. Dupuy, R., F. Mayer and R. Morissette. 2000. "Rural youth: Stayers, leavers and return migrants." *Analytical Studies Branch Research Paper Series*, no. 152 (Statistics Canada Catalogue no. 11F0019MIE2000152). However, rural areas of Atlantic Canada and the Prairies have experienced net population losses of younger people. See also Rothwell, N., R. Bollman, J. Tremblay and J. Marshall. 2002. "Migration to and from rural and small town Canada." *Rural and Small Town Canada - Analysis Bulletin* 3, 6 (Statistics Canada Catalogue no. 21-006-XIE) and Tremblay, J. 2001. "Rural youth migration between 1971 and 1996". *Agriculture and Rural Working Paper series*, no. 44 (Statistics Canada Catalogue no. 21-601-MIE2001044).

Data in this article come from the Survey of Labour and Income Dynamics (SLID). SLID is a large annual longitudinal survey that covers all individuals in private households in Canada excluding residents of the Yukon, Northwest Territories, Nunavut and persons living on Indian reserves. It was first conducted in 1993. Each SLID panel<sup>1</sup> consists of roughly 15,000 households and about 30,000 adults, and each panel is surveyed for a period of six consecutive years. This article is based on data from three overlapping panels: 1993-1998, 1996-2000, and 1999-2000.

Respondents aged 20 to 65 report their place of residence as of December 31 of a SLID reference year. The same respondents report their place of residence the following year and they are deemed to be migrants if they live in a different geographic area (i.e. province, economic region (ER) or census subdivision (CSD)). Out-migration rates are calculated based on data from all panels and years between 1993 and 2000 and represent a sample of over 232,000 person-years. The out-migration rates presented in this article represent the average annual percentage of the population who migrated during this period. People entering or leaving the country are not included in this analysis.

### Measuring the influence of migration on labour market outcomes

To assess how labour market outcomes are influenced by migration, changes in employment status, average change in the number of weeks worked, median change in wages and salaries and the prevalence of receiving Employment Insurance (EI) benefits are compared between the first and the third year of a reference period. Between the first and second year of the reference period a respondent may have moved. By waiting until the year after a possible move to compare labour market outcomes, enough time has passed for migrants to adjust to a new labour market.<sup>2</sup> Labour market outcomes of non-migrants are compared to determine if migration contributed to different outcomes than those experienced by non-migrants. This comparison contributes to the understanding of the economic consequences of migration.

To examine the net effect of migration on being employed, four groups of people are identified from the SLID survey:

- job continuers:** those people working during both the first and third year of a reference period;
- job starters:** those people not working during the first year, but working in the third year of a reference period;
- job leavers:** those people working during the first year of a reference period, but not in the third year;
- non-workers:** those people who did not work during either the first or third year of a reference period.

### Type of migrant

**Interprovincial migrants:** respondents who move from one province to another.<sup>3</sup>

**ER migrants:** respondents who move from one economic region (ER) to another within the same province. An economic region is a geographical unit generally composed of several census divisions within a province or, in the case of Prince Edward Island, the province constitutes one economic region. Economic regions are often thought of as local labour markets.

**CSD migrants:** respondents who move from one census subdivision (CSD) to another within the same economic region. CSDs generally correspond to municipalities.

In this article, respondents moving within a census subdivision are not considered to be migrants as the analysis concentrates on more substantial moves which are likely to involve a change in jobs or career paths.<sup>4</sup>

### Community size

Communities of four different sizes are examined: rural,<sup>5</sup> small or medium-sized towns (1,000 to 24,999 people), small or medium-sized cities (25,000 to 249,999) and large cities (250,000 and over).

1. A panel is a group of respondents who enter a longitudinal survey at the same time and who are repeatedly interviewed over several years.
2. Only respondents who have three consecutive years of SLID data are included and hence the analysis of changes in labour market outcomes is based on a somewhat smaller sample.
3. Interprovincial migrants have seen the most attention in the literature. See Lin, Z. 1998. "Foreign-born vs. native-born Canadians: A comparison of their inter-provincial labour mobility." *Analytical Studies Branch Research Paper Series*, no. 114. (Statistics Canada Catalogue no. 11F0019MIE1998114); Finnie, R. 2000. "Who moves? A panel logit model analysis of inter-provincial migration in Canada." *Analytical Studies Branch Research Paper Series*, no. 142 (Statistics Canada Catalogue no. 11F0019MIE2000142); and Day, K. and S. Winer. 2001. "Policy-induced migration in Canada: An empirical study." Carleton University working paper 2001-08.
4. Some CSD migrants may not change jobs. Even some inter-provincial migrants may not change jobs if they move between contiguous border towns.
5. "Rural" refers, in general, to the rural population (i.e. the population outside centres of 1,000 or more) within rural and small town (RST) Canada. RST refers to the population outside of census metropolitan areas (CMAs) and census agglomerations (CAs). CMAs have urban cores of 100,000 or more and CAs have urban cores of 10,000 to 99,999, and in both cases, neighbouring towns and municipalities are included in the CMA or CA if 50% or more of the workforce commutes to the CMA or CA for work.

## Rural dwellers are just about as likely to move as large city dwellers

Over the reference period 1993-2000, an average of 7.6% of 20- to 65-year-olds migrated each year.<sup>2</sup> Out-migration rates fell with distance as moving costs (both financial and psychological) were higher and because people have less information about distant labour markets and are therefore less likely to risk a distant move. According to the Survey of Labour and Income Dynamics (SLID), 4.2% are census subdivision (CSD) migrants, 2.5% are economic region (ER) migrants, and 0.9% are interprovincial migrants. For people from both rural and urban areas, migration is most likely to be a CSD change and least likely to be a move between provinces.

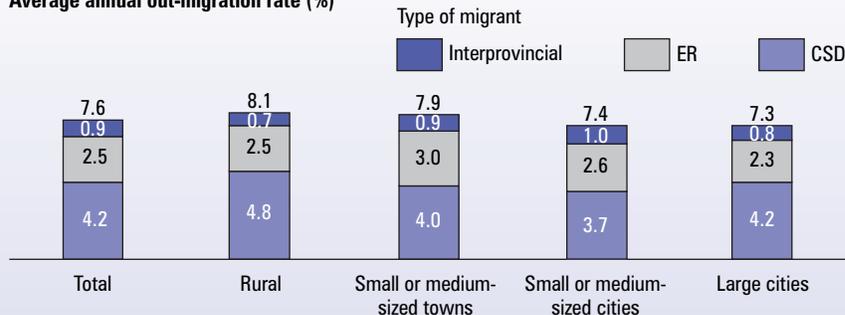
Conventional wisdom suggests that rural areas experience higher rates of out-migration than urban areas, particularly by the young and skilled, as opportunities for local employment diminish. However, differences in annual out-migration rates are not large, varying from 8.1% in rural areas to 7.3% in large cities with much of the difference accounted for by differences in CSD migration. SLID data also suggests that rural areas were the only communities to have higher in-migration rates than out-migration rates. In fact, people in their mid-20s to mid-40s and at pre-retirement age were the most likely to be drawn to rural areas.

The proportion of Canadians living in rural areas has changed little over time, due to a balancing of rural to urban and urban to rural migration. Of course, rural areas in different parts of the country may not experience a similar balance of in- and out-migration, and so some rural areas may gain while others lose population and the characteristics of migrants may differ from non-migrants.<sup>3</sup>

CST

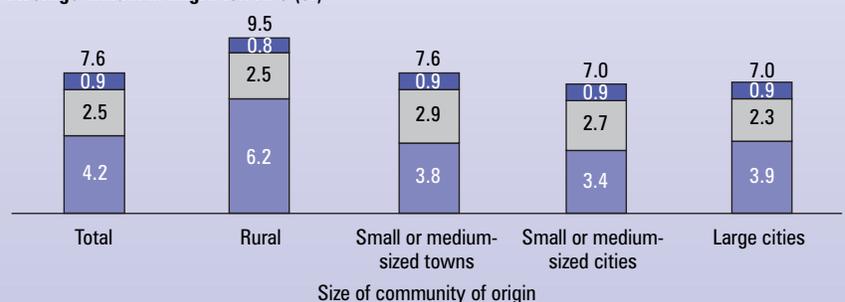
## Out-migration rates are similar for all community sizes...

Average annual out-migration rate (%)



## ... while in-migration rates are highest for rural communities

Average annual in-migration rate (%)

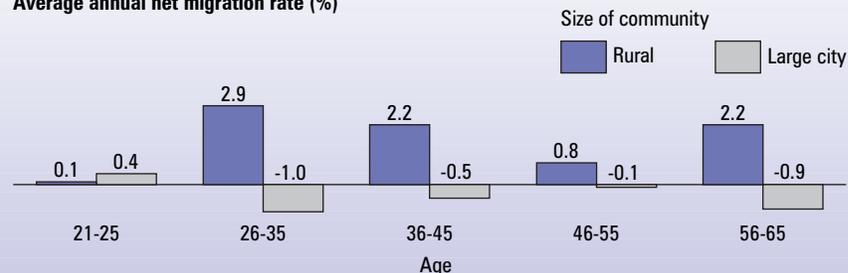


Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.

CST

## Persons at family formation and pre-retirement phases are most likely to be drawn to rural areas

Average annual net migration rate (%)



Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.

2. Preliminary research shows generally stable migration rates from 1993 to 2000.
3. The richness of the SLID data allows for an in-depth view of the characteristics and outcomes associated with migration. However, due to SLID's small sample size, the Census and administrative tax data are much better at measuring migration flows. Nevertheless, analysis of SLID data (not reported here) shows that the rural adult populations of Atlantic Canada, Quebec and the Prairies have not declined, while Ontario and British Columbia have experienced substantial increases in rural population, mainly from urban areas of the same province. This is broadly consistent with findings reported elsewhere (see Dupuy et al. 2000; Rothwell et al. 2002; and Tremblay. 2001).

## Migrants are more likely to be young, single and have a university degree

According to SLID, persons in their early to mid-20s are about three times as likely as the middle-aged to be migrants. Young adults from rural areas were more likely to leave than their peers from large cities (21% versus 15%). There are many reasons why young people are more likely to move than older people. Recent research suggests that moving costs significantly deter migration.<sup>4</sup> On average, moving costs are lower for younger people than for older people, partly because older people may have more family and community ties, and are more likely to be homeowners. In addition, younger people are more likely to have recently completed schooling and to be engaged in job search, and as such are likely to be more amenable to a move. Older people, however, have fewer years to recover their investment in moving expenses and have more firm-specific human capital, which encourages them to remain where they are.<sup>5</sup>

Not surprisingly, single persons were more likely than married persons to be migrants, and this difference is more pronounced in rural areas than in large cities. Lower moving costs for singles than for families contributes to higher out-migration rates for singles. In addition, families may have multiple earners, which makes moving a more difficult decision, especially if a spouse has a high-wage job. The psychological costs of moving also increase with the number of members in the family.

University degree holders were also more likely to be migrants than those without a degree, regardless of the size of the community. For example, among rural residents, 10% of rural university degree-holders left rural areas per year while 7% without degrees left. In large cities, 9% of university degree holders left compared with 7% of those without a degree.



## Young, single, university-educated persons are more likely to be migrants

	Size of community of origin				
	Total	Rural	Small or medium-sized towns	Small or medium-sized cities	Large cities
<b>Age</b>	<b>Average annual out-migration rate (%)</b>				
21-25	16.6	20.9	19.0	16.7	14.8
26-35	10.3	10.0	9.6	9.7	10.9
36-45	5.8	5.2	6.4	5.9	5.8
46-55	4.0	4.8	4.5	3.5	3.6
56-65	3.7	4.1	3.7	3.2	3.7
<b>Marital status</b>					
Single	12.1	15.1	13.8	12.2	11.3
Married	5.8	5.8	6.1	5.5	5.8
Other	9.3	11.6	9.4	9.0	8.8
<b>Highest level of schooling</b>					
No university degree	7.0	7.2	7.4	6.9	7.0
University degree	9.2	10.2	8.9	8.7	9.2

Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.

Higher levels of education may facilitate migration because highly educated people have a broader range of employment opportunities and may have more awareness of opportunities in other places.

### Sales and service workers more likely to be migrants, especially those from rural areas

Occupation also influences out-migration rates. Regardless of the size of community, people in sales and service occupations are more likely to move than other occupational groups. This was especially so for rural sales and service workers. Sales and service workers from rural and small towns may gravitate to cities where higher-paying jobs are more plentiful, but those sales and service workers who live in large cities are less likely to gain from moving. Although blue-collar workers had among the highest unemployment rates in 2002, they were least likely to move, regardless of community size. With economic restructuring and the decline of the

primary and manufacturing industry base through the 1990s, there may be fewer employment opportunities available to blue-collar workers in other areas.

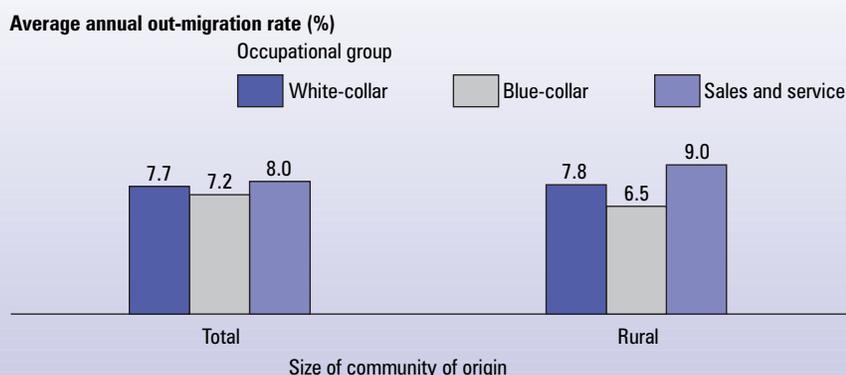
### Non-migrants more likely to work a full year

When people move, they often do so to improve their employment situation. Sometimes unemployment or non-standard work impels workers to migrate to a place where they believe employment opportunities are better. Those who have full-year employment (48 to 52 weeks) have less incentive to move, partly because the costs of moving may be higher than for those with a part-year job due to a loss

4. Day, K. and S. Winer. 2001. "Policy-induced migration in Canada: An empirical study." Carleton University working paper 2001-08.

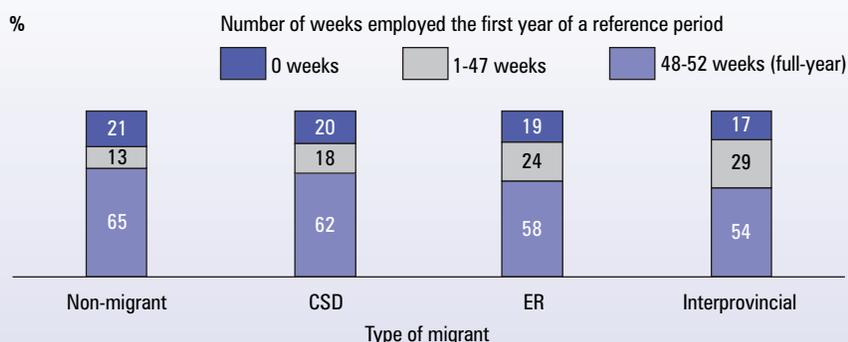
5. Human capital is a term referring to the practical knowledge, acquired skills and learned abilities that makes a person potentially productive and equipped to earn income in exchange for labour.

**Sales and service workers are more likely to leave rural areas than blue-collar workers**

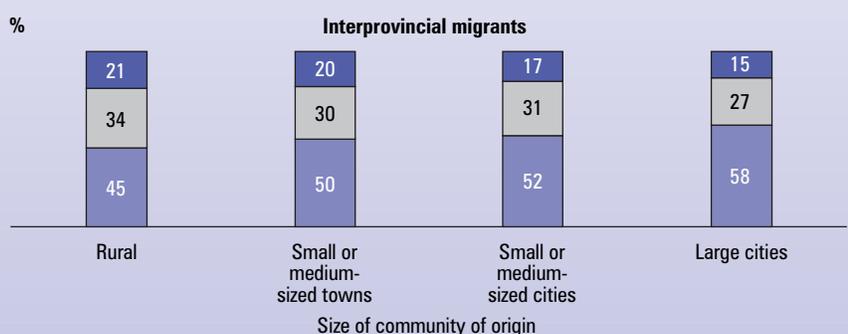


Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.

**Interprovincial migrants are least likely to be employed for a full year prior to a move...**



**... especially interprovincial migrants from rural areas**



Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.

of seniority and employment benefits and forgone income during a move. According to SLID, non-migrants are significantly more likely to work full-year than migrants and less likely to

work for part of the previous year. Not surprisingly, migrants who make longer moves are less likely to have worked full-year and more likely to have worked part-year than migrants

who made shorter moves. About 65% of non-migrants report full-year employment compared with 62% of CSD migrants, 58% of ER migrants and 54% of interprovincial migrants. According to SLID, part-year workers are more likely to move than either full-year workers or non-workers.

The receipt of Employment Insurance (EI) benefits is an indicator of the mismatch between the supply and demand of labour and employment instability.<sup>6</sup> With high unemployment rates prevailing in many rural areas, more people in rural communities receive EI benefits.<sup>7</sup> As migrants are more likely to work part-year than non-migrants, they are also more likely to receive EI, and interprovincial migrants are most likely to receive EI prior to moving. On balance, higher out-migration rates are associated with higher likelihood of receiving EI, regardless of the size of the community.

This analysis reveals several important trends about migrants. The decision to migrate from rural to urban areas may be driven by a lack of economic opportunities, with those experiencing unemployment and relying on EI benefits being most likely to migrate.

**Only interprovincial migrants from cities have significantly larger employment rate gains than non-migrants**

Because people often move to improve their employment prospects, migrants are expected to work more, be less

6. Employment Insurance provides temporary financial help to the unemployed while they look for work or upgrade their skills, while they are pregnant or caring for a newborn or adopted child, or while they are sick.

7. In high unemployment rate regions, fewer weeks of employment are required to qualify for EI benefits. It may be easier or more difficult than in other regions to accumulate the number of weeks of employment to qualify for EI.

	Size of community of origin				
	Total	Rural	Small or medium-sized towns	Small or medium-sized cities	Large cities
			% receiving Employment Insurance benefits in the first year of a reference period		
Non-migrant	14.7	19.8	17.1	14.9	11.9
CSD	18.4	24.0	21.9	21.6	14.2
ER	18.1	19.6	21.1	19.0	16.0
Interprovincial	22.4	26.7	25.5	23.5	19.8

Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.

likely to receive EI benefits and have higher wages and salaries after a move than before. However, the expected gains may not materialize if conditions in the new labour market are unexpectedly tough. Thus, the absence of such gains may indicate that a migrant is having difficulty adjusting to the new labour market. Gains are measured by comparing labour market indicators such as employment rates, receipt of EI benefits and wages and salaries in the first year of a reference period with those of the third year, the year following a move of migrants.

Over the study period from 1993 to 2000, economic conditions improved. It is therefore not surprising that both migrants and non-migrants have higher employment rates in the third year of a reference period than in the first year. However, it is only interprovincial migrants from cities with a population of 25,000 or more that have significantly larger employment rate gains than non-migrants. Regardless of community size, the more distant the move, the more likely people are to be job starters after a move. After a move, migrants expect to improve their situation by starting a job, but unexpectedly, migrants are also more likely than non-migrants to leave employment during a reference period. In addition, the further people

move, the more likely they are to stop working. Although the decision to move is based on expected benefits derived from moving, these benefits sometimes do not materialize because of imperfect labour market information. Distant moves increase uncertainty and may contribute to job losses after a move.

Relocation may require a family member to give up a job, and so gains from migration may be unevenly distributed within families. It is therefore also important to consider the labour market outcomes of both spouses, before and after migration.

As expected, household heads (usually husbands)<sup>8</sup> are more likely to work in both periods than spouses (usually wives). As well, migrant heads and spouses are more likely than non-migrants to work in both periods and these differences are larger for more distant moves. However the flows into and out of employment are much larger for spouses than for household heads: for example, 17% of spousal interprovincial migrants are job starters, versus 8% of household heads. This suggests that migration is associated with more labour market turbulence for spouses than for household heads. The high prevalence of job starters for spouses suggests that many couples consider the potential

labour market outcomes for both partners in their migration decision.

### More weeks worked after moving

During the reference period, weeks worked increased for both migrants and non-migrants, but the biggest gains were for rural interprovincial migrants — 4.7 weeks. This suggests that rural underemployment may provide the impetus for some people to move to where more work is available. Overall, non-migrants worked 0.4 more weeks in year three of the reference period than in year one, while CSD migrants worked 1.2 additional weeks, ER migrants 2.6 additional weeks and interprovincial migrants 1.9 additional weeks.

As with employment rates, gains in weeks worked are quite different for household heads and spouses. Non-migrant household heads showed very little change in average weeks of work, but interprovincial migrant household heads worked an additional three weeks. In contrast, while non-migrant spouses worked about one more week in the third year of a reference period, interprovincial migrant spouses worked 0.6 additional weeks.

### Higher wages earned after moving

Migration also affects earnings. People may choose to move not just for more work, but also for higher paying jobs or the potential of receiving higher pay. Regardless of the size of community, those who moved between ERs or provinces showed significantly larger gains in annual wages and salaries than non-movers or short-distance movers. On average, non-migrants' median earnings grew by 4%, while CSD, ER and interprovincial migrants' earnings grew by 8%, 16% and 22%,

8. The household head refers to the person with the highest earnings in the family. In families including a married or common-in-law couple, 76% of the persons with the highest earnings were men.

respectively.<sup>9</sup> Undoubtedly, part of the reason for the larger increases for migrants is related to migrants being younger and more highly-educated than non-migrants.

Spouses experience large percentage increases in wages and salaries compared to household heads over the two-year reference period, ranging from 6% among non-migrants to 16% for ER migrants.<sup>10</sup> Increases for household heads are smaller, varying from 1% for non-migrants to 8% for interprovincial migrants.

### Migrants more likely to receive EI benefits than non-migrants after migration

Before migrants move they are more likely to receive EI benefits than non-migrants, which may have contributed to their decision to move. During a reference period, both migrants and non-migrants experience a similar decrease in the percentage receiving EI benefits, which is consistent with the growth in weeks of work and earnings for this group. All migrants regardless of community size were more likely to receive EI benefits in the third year of a reference period than non-migrants.

During the third year of a reference period, migrants, especially interprovincial migrants, are significantly more likely to either stop or start receipt of EI benefits than non-migrants. According to SLID, 13% of interprovincial migrants stopped receiving EI and 11% started while the same percentages

9. However, if pre-migration wages are low, a large percentage increase in wages may still not translate into a large wage gain in dollar terms.

10. Percentage changes in median wages and salaries are calculated only for people who are employed in the first and third years of the reference period.



## Spouses of household heads are more likely to start or end jobs after a move than household heads

	Change in job status during reference period				Employment rate	
	Job continuers	Job starters <sup>1</sup>	Job leavers <sup>2</sup>	Non-workers <sup>3</sup>	First year of reference period	Third year of reference period
<b>Type of migrant</b>	%					
Non-migrant	74.1	5.5	4.0	16.4	78	80
CSD	76.7	5.9	5.1	12.4	82	82
ER	75.4	8.1	6.7	9.7	82	84
Interprovincial	76.9	9.3	6.7	7.1	84	86
<b>Head of household</b>						
Non-migrant	86.6	4.9	1.3	7.2	88	91
CSD	87.9	5.0	1.6	5.5	90	93
ER	84.7	8.1	3.1	4.1	88	93
Interprovincial	87.8	8.0	1.6	2.6	89	96
<b>Spouse of head of household</b>						
Non-migrant	65.4	5.9	5.5	23.3	71	71
CSD	62.8	8.4	7.5	21.3	70	71
ER	60.9	14.0	7.4	17.6	68	75
Interprovincial	57.7	16.7	12.8	12.9	70	74

<sup>1</sup> Did not work in the first year and did work in the third year of a reference period.

<sup>2</sup> Worked in year the first year, but not in the third year of a reference period.

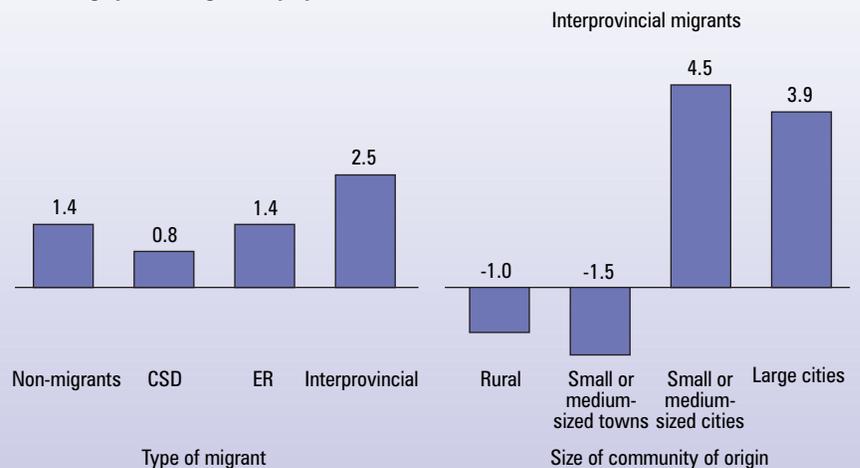
<sup>3</sup> Worked in neither the first or third year of a reference period.

Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.



## Only interprovincial migrants from cities had significantly larger employment rate gains than non-migrants

Percentage point change in employment rates\*



\* Change in employment rates between the first and third year of a reference period.

Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.

Type of migrant	Size of community of origin					Head of household	Spouse of head of household
	Total	Rural	Small or medium-sized towns	Small or medium-sized cities	Large cities		
<b>Change in number of weeks worked</b>							
<b>Weeks</b>							
Non-migrant	0.4	0.4	0.3	0.3	0.5	0.1	1.2
CSD	1.2	1.6	1.6	1.4	0.8	0.6	1.3
ER	2.7	1.7	3.4	2.4	2.8	0.9	-0.5
Interprovincial	1.9	4.7	1.6	2.1	1.3	3.2	0.6
<b>Change in median annual wages and salaries</b>							
<b>%</b>							
Non-migrant	3.6	3.5	3.1	3.3	4.4	1.5	5.7
CSD	7.8	7.3	4.9	11.8	8.8	3.0	11.7
ER	16.0	9.0	10.1	25.6	18.8	4.2	15.7
Interprovincial	22.3	50.9	14.0	29.2	11.3	7.8	14.2
<b>Change in percentage receiving EI benefits</b>							
<b>Percentage points</b>							
Non-migrant	-2.4	-2.7	-2.8	-2.1	-2.2	..	..
CSD	-3.4	-3.6	-3.7	-2.4	-3.5	..	..
ER	-1.7	1.5	-2.2	-1.3	-2.7	..	..
Interprovincial	-1.5	-9.0	2.8	-2.9	-0.6	..	..

.. Not available.  
Source: Statistics Canada, Survey of Labour and Income Dynamics, 1993-2000.

for non-migrants were 8% and 6%, respectively. This suggests that migration, especially interprovincial migration, is associated with increased labour market uncertainty.

### Summary

While there is a significant out-migration from rural areas, there is also a countervailing flow of people from urban to rural areas that more than offsets it. Young, single and university-educated people are most likely to be migrants. People with these characteristics are also more likely to be employed and work less than a full year than non-migrants. Thus, migrants tend to have the highest potential gains from moving and the lowest economic and psychological costs associated with moving.

Interprovincial migrants are also the youngest and most educated.

On average, migration brings considerable economic gains to migrants, with larger gains observed for migrants who move greater distances, especially for those who leave rural areas. They tend to earn and work more. In addition, for rural migrants, moving may contribute to breaking the cycle of reliance on EI. However, migration generally is also associated with increased employment instability, as migrants are more likely to both stop and start working than non-migrants. This increased instability may contribute to higher EI benefit usage rates for migrants than non-migrants both at the beginning and the end of a reference period as migrants seek new employment opportunities in unfamiliar labour markets.

While the net economic gains for migrants are significant, migration often involves the relocation of entire families. Some family members may increase earnings, weeks of work during a year and employment stability while others lose from the relocation. Household heads and spouses experience different outcomes from migration. Interestingly, migrant spouses experience more rapid wage growth and are more likely to shift in and out of jobs than migrant household heads.

This article provides additional evidence that migration involves the relocation of young, educated people and that the economic gains from migration in terms of higher pay and more secure employment are sizeable for many people. Migration may be an important labour market adjustment necessary to break a long-term cycle of irregular work and reliance on Employment Insurance. Perhaps most importantly it also establishes that it is necessary to evaluate migration in the broader context of the family. The economic gains by spouses are significantly more variable, but also in many cases larger than those of household heads.



**Rick Audas** is an assistant professor at Memorial University of Newfoundland, and **Ted McDonald** is an associate professor at the University of New Brunswick.