



NOVA SCOTIANS FOR EQUALIZATION FAIRNESS

## A LETTER OF CONCERN

TO:

THE PREMIER'S EXPERT ADVISORY PANEL ON THE ECONOMY

Dr. Elizabeth Beale, Dr. Tim O'Neill, Dr. Lars Osberg, Dr. Donald Savoie,  
Chairperson

FROM:

NOVA SCOTIANS FOR EQUALIZATION FAIRNESS

[www.nsef.ca](http://www.nsef.ca)

Dear Colleagues,

Thank you for accepting the challenge and the invitation to advise the new NDP government of Nova Scotia. Your expertise and experience in a wide variety of matters bearing on the present and future well-being of our citizens augers well for the success of your work and the future progress of our province.

### **Introduction**

"It is the responsibility of Canadians to get involved through political parties or other means to ensure that our parliamentary system operates in a democratic fashion."

Encouraged by Professor Savoie's call for more citizen activism and participation during his 2008 Globe and Mail forum on the broken chain of answerability between Canadian citizens and their governments, we write you on behalf of a new volunteer citizens' group working to improve the quality of life in disadvantaged communities across Nova Scotia. Because our volunteer group represents business and labour, working and retired men and women, and persons of broad professional experience in Canada and abroad, we wish to share our expertise and concerns with you with the aim of helping our own local community here in CBRM and those farther afield in Nova Scotia who are facing serious social and economic problems caused by de-population, unemployment and de-moralization. We believe there is a systemic, structural cause to much of this economic and social distress.

Thanks to the expertise of some of our business and labour members, we have been able to discover what we believe is an important cause of the economic and social distress affecting many disadvantaged communities across our province. We are writing to share our findings with you, and request your assistance.

## Nature of the problem

Any fiscal definition of disadvantage among Nova Scotia communities is accompanied by a wide spectrum of related social disadvantage, some visible on main streets, back streets, and school streets; some largely invisible inside the homes, heads, and hearts of our people.

Because of the now very large bodies of literature extant on the effects of unemployment, depopulation, population marginalization, and the social pathology of disease, we can infer with high probability the causation of many social, domestic, health and behavioral problems from a relatively small subset of economic and social predictors. First among these is unemployment. A very long and deep body of quantitative and qualitative research--from Marie Jahoda and Paul Lazarsfeld's pioneering sociographic study "Marienthal" (originally "Arbeitlosen von Marienthal" 1933\*) to the quantitative work of Harvey Brenner at Johns Hopkins University for the Joint Economic Committee of the US Congress\*, to our own "Now That We've Burnt Our Boats"\* and Fred Wien's recent work on regional disparity\* --this and much other research has clearly documented the social and spiritual devastation caused communities, families, and persons by lack of economic development and the persistent, high levels of unemployment which results from this lack of economic development.

Underdevelopment in turn has many causes, and central among them for communities in Nova Scotia and around the world is lack of local control over the allocation and use of resources needed for economic development. In our own day perhaps no example of the direct linkages between loss of community control over resources, high unemployment and epidemic ill health is more dramatic than the recent PBS NOVA series UNNATURAL CAUSES\* illustrating these effects on Aboriginal populations all over the planet--regardless of their culture or geography. Closer to home we have a striking example of the possibilities for economic development, institution building and community revitalization when local control over needed resources is finally won in the case of Membertou First Nation, Cape Breton.

At present the Provincial Government receives approximately 1 billion 571 million dollars annually from the Federal Government of Canada transferred to Nova Scotia with the broad intention of implementing Section 36 (1) of the Constitution Act which under "Commitment to promote equal opportunities" states "Parliament and legislatures, together with the government of Canada and the Provinces are committed to (a) promoting equal opportunities for the well being of Canadians; (b) furthering economic development to reduce disparity in opportunities; and (c) providing essential public services of reasonable quality to all Canadians". [emphasis added]

and Section 36 (2) which states:

"Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provinces have revenues to assure reasonably comparable levels of services at reasonably comparable levels of taxation."

AT PRESENT THESE FEDERAL DOLLARS ARE NOT BEING DISTRIBUTED TO THE 42 ENTITLED COMMUNITIES ACROSS NOVA SCOTIA, MAKING THE PROVISION OF REASONABLY COMPARABLE LEVELS OF SERVICES AT REASONABLY COMPARABLE LEVELS OF TAXATION EFFECTIVELY IMPOSSIBLE IN MANY MUNICIPALITIES.

Moreover, in many of these disadvantaged communities the shortfalls are enormous. For example, our preliminary research shows the Amherst area receives \$1,209,239.00 in yearly equalization monies, but we believe it is entitled, under a fair allocation, to \$8,359,441.00; CBRM receives \$16,413,564.00 but we believe is entitled to 118,360,630.00! The New Glasgow area receives 1,044,292.00 but appears entitled to 7,169,984.00, Truro receives 1,598,754.00 but appears entitled to \$7,542,862.00 and Yarmouth receives \$471,797.00 but we believe under a fair allocation is entitled to \$3,041,639.00, to select only five examples [ All figures for 2009-2010\*].

Please see data available at [www.nsef.ca](http://www.nsef.ca) for a community-by- community breakdown of these equalization shortfalls and subtotals for towns and municipalities.

If these federal equalization dollars were made available to local communities to provide " reasonably comparable levels of services at reasonably comparable levels of taxation" as called for in Section 36 of the Canadian Constitution Act, these communities could experience a large and vital thrust forward toward strengthened local economies, local economic development and a real reduction in social inequality. Under the present system used by the Province of Nova Scotia for the distribution of Federal Equalization funds, communities with lower incomes pay much higher property taxes for substantially lower levels of service. This is patently unjust.

At present these federal dollars are channeled into the general revenues of the province where their use is largely untraceable by citizens. In this way projects and expenditures not legally or morally entitled to Federal Equalization monies receive funding to which they are not entitled while communities, especially communities in rural Nova Scotia, go without.

The present system of distributing this 1 billion 575 million dollar pool of precious economic resources is grossly unfair, unjust and inequitable. It may even prove to be illegal. It certainly contributes to undermining public esteem for the political process and contributes further to the broken chain of public accountability.

We leave the strict and formal legal entitlements flowing from these clauses to the Common Law Lawyers - the more so because an actual case is pending before the Supreme Court between one such disadvantaged community, the CBRM municipality and the Province of Nova Scotia. Ours is not a "Legal" approach. We are seeking relief and assistance for all disadvantaged communities across Nova Scotia on the grounds of "Equity" and fairness. And sound public policy.

Gone should be the days, as eloquently argued by Dr. Rick Williams in a recent CBC interview, when simplistic and self-serving growth pole ideologies are permitted to rob Nova Scotia's smaller towns and cities of their social and economic vitality. Everywhere capital cities enjoy "natural" (center place) as well as "unnatural" distinctions from smaller communities. (over-development, lack of planned urban landscapes, and inverted architectural distribution with high rises at centres versus edges)

Nor is it in not difficult to quantify the health advantages of capital cities. Research done at Harvard University by one of our members on 137 Canadian communities shows Canadian communities are subject to the broad socio-economic determinants of infant and adult mortality also found in Britain, Australia and the U.S.\* Although much of the public policy attention on unequal life chances in Canada has traditionally focused on the regional disparities between provinces, **INEQUALITIES WITHIN NOVA SCOTIA IN SUCH IMPORTANT MEASURES OF LIFE CHANCES AS INFANT MORTALITY ARE MUCH GREATER THAN THOSE BETWEEN MOST CANADIAN PROVINCES.** \*

But it takes a commitment to the well-being of the whole population, spread over the total ecumene of a given geography, here Nova Scotia, to accept that good public policy, featuring a rational distribution of state-controlled employment positions, efficient green transportation ("trains not trucks") and a belief in the motive power and economic potential of disadvantaged groups, whether aboriginal populations, female entrepreneurs, or geographically remote primary producers, to act on the knowledge that things can be very different than they are. [For an overview of the impact of economic development policy on population health see the 5 minute summary of the 4 hour 2008 PBS series "UNNATURAL CAUSES" at [www.pbs.org/unnaturalcauses/video.htm](http://www.pbs.org/unnaturalcauses/video.htm) ]

### **Background to our request**

In the 142 years of our nationhood, Canada's broad economic history is marked by a truly amazing concentration of population at small pin points along the American border. Driven originally by the forces of climate, soil distribution and available food crops of the day, then by occupational transitions from fur and fish and farm and forest to finance and technology, and today increasingly by lifestyle and public employment opportunities in urban environments, these population

shifts have left many provinces, regions and communities short of the human resources needed to be economically viable. Everywhere across small town Nova Scotia, fire departments are struggling to maintain their numbers; school districts are facing sharp cutbacks in positions and programs for their pupils; and both main streets and malls are displaying growing numbers of boarded up small businesses. Yet we know from the study of economic flows in both developed and developing economies that it is often the case, that economic wealth is produced in the peripheral zones but distributed and consumed at the center. Preliminary research here suggests some municipalities send more to the capital region in taxes and contributed services than they receive in Equalization funding intended to address their disadvantage.

### **Heart of the Matter**

We are not so naive as to believe that perfect equity is possible in this world. But we are committed to tackling the more egregious local instances of large and unnecessary differentials in economic opportunities, the distribution of provincial government jobs--a fair sharing of which has the potential to transform many smaller communities, and an evening out in both the quality and quantity of life chances as measured by potential years of life lost (PYLL). But ours is a small organization with a small voice, We are just starting our organizational growth across the province and need your help.

We recognize the severe budgetary limitations placed on the new NDP government by the large inherited deficit from the previous administration, the limited economic resources of a small province, and the impact of the recent sharp fall in natural gas prices on provincial revenues, All the more reason, to move away from the wasteful, inefficient practices of previous governments, (including vast expenditures on highways too heavily used by private trucking firms) and in favor of moving to a more economically productive, distributed network of provincial growth zones, that encourages and gains from the vitality and entrepreneurship of primary and secondary producers across the Province. We do not expect the new government to rectify the moral and planning failures of so many past governments overnight. We recognize real progress will take time, perhaps multiple terms in office for a forward-looking, imaginative and committed administration. But we need signs of good will, reasons for hope, and some provincial jobs in small communities yesterday!

We ask, NO WE DEMAND, an end to the outrageous practice of hiding Federal Equalization dollars in the general accounts of the province with no accountability or transparency in the use of these Federal dollars provided citizens. (Please see the appended letter from Frances Oommen of East Skye Glen Road, Whycomagh.\*\*\*) That Nova Scotia is not alone in this shameful practice makes it no more acceptable.

Previous governments have failed in the past to show leadership in negotiating a fair return for our province's natural resources of minerals, gas, oil and electricity. We urge the new government to take the lead in demonstrating courage and vision in its economic planning for the 59 per cent of our people who live outside the capital city zone.

### **Urgency of the request**

Many small communities in Nova Scotia are literally at death's doorstep in financial terms. For example, the elected leaders of Amherst, Canso, Sydney and Yarmouth to name only four disadvantaged communities have all signaled severe financial, economic and social distress levels in their communities. Population statistics for smaller communities outside the capital zone clearly show a dramatic collapse in the number of young adults in the family-formation population cohorts. In many smaller communities across Nova Scotia, the shrinkage of the family formation age cohorts over recent decades as economic opportunity is concentrated in the capital city zone is startling.

For many decades English speaking observers of public affairs in Canada spoke with mock of Quebec's alleged "revanche du berceau" or "revenge of the cradle". But now it is possible in many long established small towns and villages across our Province to speak of a kind of slow death 'by the cradle'. For too many of us, life has become going to the Capital City if we wish to visit our grandchildren. Bad public policy has contributed to this effective kidnapping our grandchildren. In 2007 while HRM accounted for just 41 % of the provincial population, it accounted for almost 50 % of all new born babies, a fact attributed in large part to outmigration from smaller Nova Scotia communities by the director of the Centre for Childbirth and Women's health at the Isaac Walton Killam Health Centre. \*

In the coming decade, many communities outside the capital zone will encounter increasing difficulty meeting the basic community functions of providing schools, fire protection, policing and other municipal services.

We are well aware from our training and travel of the magnetic pull of large urban centers all over the world. But we also know that not all magnetic pulls conduce to the long term well being of populations, whether in Bogata or Brazzaville. Capital cities--like highly resourced, resilient children--are usually able to look after themselves. They enjoy unique access to the levers and persons that distribute the economic surplus of their populations. But populations outside capital cities everywhere need to exert extra effort to obtain even a rough approximation of what natural justice, let alone Equity or Law entitles them to. (Laws after all are by definition made in capital cities! Many would add "for capital cities").

We are not requesting a more transparent use of Federal Equalization dollars and a fairer distribution of provincial jobs to aid smaller, disadvantaged communities because we believe only in Legal entitlements. We urgently request greater fairness, much greater fairness, in the distribution of employment and Equalization dollars because we insist on the intrinsic value and infinite potential of every Nova Scotian citizen, young or old, 'pure laine' or immigrant, urban or rural. The present demographic trajectory of the province, built on the prejudices and injustices of past governments, and concentrating expenditures, employment and hope in the Capital city is clearly not economically, socially, or politically sustainable.

The present system of distributing Federal equalization dollars, like the present system of distributing Provincial Government jobs is grossly unfair and unjust. This fiscal, economic and social discrimination being suffered by Rural Nova Scotians must end.

### **"Crie de Coeur"**

In his memoir of long public service in Canada, Moi Je suis de Bouctouche, Professor Donald Savoie has described the over-concentration of supposedly national facilities and government personnel in central Canada:

Ottawa soutient invariablement que son rôle consiste à favoriser l'intérêt national au moyen de politique national. Les gens à l'extérieur de l'Ontario et du Québec en sont venus à reconnaître que les "politiques nationales" sont un code pour désigner les intérêts de l'Ontario et du Québec. Les 32 sociétés d'État créés au cours de la Seconde Guerre mondiale en sont un exemple concret. Mais elles sont loin d'être le seul. Les musées nationaux, le Centre national des Arts, le Musée des beaux-arts du Canada. le Ballet national ou, aussi bien dire, quoi que ce soit et tout ce qui est "national" doit semble-t-il, être situé en Ontario, et au Québec. L'Agence spatiale canadienne, la stratégie aérospatiale nationale et les mesures nationales touchant le recherche-développement sont également toutes axées sur L'Ontario et le Québec. ...

and further:

L'Ontario s'est enrichie de 13 353 fonctionnaires fédéraux entre 1996 et 2003. Le Québec s'est enrichi de 2 316 ... Alberta de 344, Les pertes? De l'ordre de 346 au Manitoba, de 46 en Colombie-britannique, de 853 en Saskatchewan et de 2 381 en Nouvelle-Écosse. L'Ontario dénombreait 42,8 % des fonctionnaires fédéraux en 2003, le Québec 21,2 %, le Canada atlantique 13 % et l'Ouest canadien 22.5 %.

Now replace "Ontario and Quebec" with "HRM" and replace the 'rest of Canada' with 'Nova Scotia outside HRM' and the "code" appears the same to us.

But we hold with Bartholme de Las Casas, bold defender of the Aboriginal Peoples of the New World, that every soul is equal in moral worth to every other soul. That is, every Nova Scotian deserves a fair sharing of the economic opportunity and life chances which our natural resources and Federal Equalization funds could provide if fairly shared, young or old, pure laine or immigrant, urban or rural.

**WE ARE CALLING FOR A NEW DEAL FOR SMALL TOWN AND RURAL NOVA SCOTIA BASED ON RESPECT FOR THE SOCIAL NEEDS AND ECONOMIC POTENTIAL OF ALL OUR CITIZENS!**

### **Policy Integration for the New Provincial Administration**

A lower cost, distributed provincial administrative organization is one part of a greener, leaner and more responsible future for Nova Scotia. (Research in our possession shows a distributed workforce can be *more* efficient in the delivery of public goods and services than a conventional centralized bureaucracy.\*)

A better utilization of the neglected entrepreneurial potential of marginalized groups--often a society's best source for new economic voltage, re-orientation away from highways to rail, from cure to prevention in health care ( including more attention on the socio-economic potentiators of disease) and confident governmental leadership toward a new era of transparent expenditures and participatory governance for Nova Scotia--these and other progressive economic policies, will over time, make Nova Scotia a more attractive place to live, invest or retire. For decades the province has coasted along on its legacy of raw resources, often shipping unprocessed raw materials and jobs away on the same boat. In a globalized economy, where Nova Scotia softwood biomass must compete with Brazilian sugar cane biomass, we cannot afford to waste either natural or human resources if we are to provide a prosperous economy for our grandchildren. We have wasted too much of both for too long!

Let us make a new beginning in the years ahead. One that recognizes a vital key to unlocking human potential for economic progress and technological innovation is the fair treatment of all our people, wherever they reside. Whether they work as primary producers in the fishery, forest or farm, in manufacturing, or in health care, education or government. And especially if they are waiting by the phone for that job interview as they struggle to decide between "heat or eat".

As highly trained, very experienced economists and social scientists you have a unique opportunity and a moral responsibility to help direct the new NDP government of Nova Scotia away from the wasteful, inefficient and unjust

practices of the past. We envy you your golden opportunity to make a difference. And we ask you to begin by helping us construct a NEW DEAL FOR RURAL NOVA SCOTIANS who make up the majority of the Province's population. (According to the 2006 census, the population inside HRM IS 372 858 persons; the population outside HRM is 540, 604 persons.)

They constitute the largest reservoir of untapped human potential capable of building a better future for all Nova Scotians!

## ENVOI

If helpful to your panel, we would be pleased to meet with you.

Should your Expert Panel hold public hearings we would welcome the opportunity to present a more formal, fully referenced brief.

In the interim, we urge you to consider our call for fairness in the allocation of Federal Equalization funding to entitled communities which are in great need across our Province and we renew our wishes for your success.

Respectfully submitted with our best wishes,

Brian Richard Joseph, Ph.D.  
Secretary  
<brianrjoseph@post.harvard.edu>  
with the assistance of  
Dr. Albert Maroun, Ph.D.  
Dr. Ora McManus, Ph.D.  
Dr. Paul Patterson, Ph.D.

on behalf of

**Nova Scotians For Equalization Fairness**

a voluntary citizens organization working to improve the quality of life in Nova Scotia's disadvantaged communities  
[www.nsef.ca](http://www.nsef.ca)

-----  
\* research references available on request  
\*\*after matter to follow