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Class

September 12, 2015

## Canada: A World Leader in Growth

### 1. Introduction

Few countries can boast of a diverse population and a strong national economy. Canada enjoys a global dominance built on vast natural resources, robust international trade and domestic stability. European colonization was a major force in founding the nation in the New World. As other nations struggle with their growing pains, Canada's rise in population and gross domestic product continues at a rapid pace.

Canada dominates on a global scale nearly on sheer size alone. The country is the northernmost on the North American continent, stretching into the Arctic Circle. It has three different oceans on three of its borders, and the world's longest border with the United States on its remaining border. Some 31,700 lakes dot the landscape. Ice and permafrost cover the Canadian Arctic. Ten provinces and three territories comprise Canada. The world's fourth-largest country in land area contains abundant resources.

Those untapped minerals and large swaths of forests prompted Europeans to explore the area starting at the turn of the 11th century. Prior to their arrival, the aboriginal peoples resided in the north Yukon as early as 13,000 BC. Up to 2 million native dwellers lived in the region as explorers from across the Atlantic began to arrive in the New World at the start of the second millennium. The aborigines' numbers saw sharp declines because of newly arrived contagious bacteria brought by settlers, especially measles and smallpox. While European settlers and aboriginal peoples co-existed peacefully in general, it was the war of germs that took the most casualties.

Norsemen arrived as early as 1000 AD, but it would be another 500 years before other explorers would make the journey. Europeans established forts for fishing along the Atlantic Ocean at the beginning of the 16th century. Representatives of France and England began claiming territory after territory in the late 1500s. Jacques Cartier claimed for France the region along the St. Lawrence River in 1534. Five decades later, Sir Humphrey Gilbert claimed St. John's, Newfoundland, for England. The next two centuries brought more conquerors and more conflict.

The English and the French built more colonies across the land, including in Newfoundland, Nova Scotia and Quebec. The two nations warred over control of the continent, employing treaties to divide the spoils. This ongoing race between France and Britain shaped the two nations that would eventually become Canada and the United States. But it was Britain that would eventually win control over all the provinces and territories, even while fighting the War of 1812 against the United States on Canadian soil.

### 2. National Growth

In 1867, Canadian Confederation became a reality through the 1867 Constitution Act, uniting the four provinces of Ontario, Nova Scotia, Quebec and New Brunswick. The new

country grew through the acquisition or the creation of new regions, such as the Northwest Territories, Manitoba, Alberta and Saskatchewan. Prime Minister John A. MacDonal set national tariffs to protect fledgling Canadian manufacturing industries. Britain maintained control of Canada throughout the 19th century and into the first World War of the following century.

Canada took up arms in World War I to fight for and alongside Britain, losing almost 10 percent of its military personnel. It joined the League of Nations in 1919. The country gained its independence in 1931 when the United Kingdom passed the Statute of Westminster. It suffered through the Great Depression, with a drop in Gross National Product of 40 percent from 1929 to 1939. After declaring war on Germany in 1939, Canada again found itself in battle in World War II, committing a million troops to the effort with 42,000 killed and 55,000 wounded. The post-war period brought a boom in economic growth and a fully developed national identity.

The government implemented social programs in the second half of the 20th century, including Medicare, a national pension plan and a student loan program. National milestones include the adoption of the maple leaf flag in 1965, bilingualism with English and French in 1969 and multiculturalism in 1971. Canada achieved full sovereignty in 1982 after a process of patriation. It also enacted the Canadian Charter of Rights and Freedoms concurrently as the first part of the Constitution Act, guaranteeing fundamental rights, such as expression, religion and association. Political leaders faced a major challenge in the question of Quebec sovereignty from the 1960s onward, one that continues unsettled to this day. Despite internal conflicts and relatively recent national sovereignty, Canada has grown rapidly in demographic numbers.

Some 35.5 million people populate Canada (“Canada’s Population Estimates: Age and Sex, 2014.”). It has the fastest population growth rate among the Group of Eight, primarily from immigration. The government projects up to 285,000 new permanent residents this year, mostly in bigger cities. Some 80.1 percent of the country’s people live within 90 miles of the U.S. border. The rate of urbanization from 2010 to 2015 has been 1.1 percent annually. The country is among the world’s largest, but its people reside in the more climate-hospitable southern region.

The enormous land mass contains both a low population density but a resource-rich natural frontier. The tens of thousands of lakes hold much of the world’s fresh water. The coastline is the largest on Earth. Eight forest regions span the continent, though they account for a tiny fraction of industry. An array of minerals make up the country’s leading exports, including gold, steel, aluminum, zinc, uranium, nickel, lead, iron ore and coal. Canada’s size is but one factor in its nearly uninterrupted growth throughout its history.

### 3. Economic Structure

The Canadian Gross Domestic Product ranks it among the elite in the world. The 2013 estimated GDP is \$1.8 trillion in U.S. dollars. The country is both a member of the Group of Eight and the Organization for Economic Co-operation and Development, an international association of 34 nations to foster trade. Its largest trading partner is the neighboring United States, which includes importing 23 percent of the U.S.’s total exports and several free trade agreements. Energy is one of the biggest trade items between the United States and Canada: 92 percent of Canada’s energy exports, valued at \$117 billion in U.S. dollars, go directly to America (“Energy Relations”). This healthy GDP has kept the unemployment rate in check.

The national unemployment rate is 6.6 percent. It had grown to 8.6 percent in 2009 following the 2008 global financial crash. The country’s saving grace was its conservative regulated banks, which helped the economy rebound more quickly than other affected nations.

Seven years after the most recent crisis, Canadian provinces vary greatly in their jobless numbers: The unemployment rate is lowest in Saskatchewan at 3.6 percent and highest in Newfoundland and Labrador at 11.3 percent. Steady employment has also moderated Canada's inflation over time.

The Canadian inflation rate has hovered between 0.7 percent and 3.8 percent during the last 20 years. The current rate of 1.0 percent indicates a steady and growing economy, though slightly below economists' recommended 2 percent to 3 percent inflation rate. The country has not endured any major inflationary spikes in recent history, allowing for uninterrupted economic expansion. This has also helped decrease poverty rates.

Canada offers no official poverty rate, but two major indicators show a decrease since 1995. The government has made efforts to combat poverty as early as the conclusion of the Great Depression. The conservative think tank Fraser Institute declared that the basic needs poverty measure shows a roughly 5 percent rate in 2009, while the low-income cut-off from government agency Statistics Canada reported a 9.9 percent rate in 2012 (Sarlo 30). Both are down from 6 percent and 14 percent respectively in 1995. The trend shows declining poverty, though still affecting perhaps 1 in 20 to as many as 1 in 10 Canadians. But that has not reversed a different trend during that 20-year period, income inequality.

The gap between economic classes and incomes has grown somewhat since 1995 in Canada. The Conference Board of Canada, a not-for-profit research organization, reported a rise in income inequality in the 1990s that leveled off in the 2000s ("Income Inequality"). The biggest factor in recent history is the 2008 global financial crisis which shrunk the richest 1 percent contribution to the nation's total income, from 12.1 percent in 2006 to 10.6 percent in 2010. This small but potentially growing gap comes at the tail end of a long fruitful transition from agrarian to industrial economy.

The economic expansion in Canada took off in the decades following World War II. While the country has an abundant supply of natural resources in widespread rural areas, its population has become bigger and more concentrated in its cities. This urbanization matches historic migration in other industrialized counterparts. It reflects a national shift from farming and mining to industrial and service sectors over generations.

The heart of the modern Canadian economy is service, which employs about 75 percent citizens and contributes 78 percent of the GDP. Other important sectors are manufacturing, energy and agriculture. Some 12 percent of service workers are in retail, primarily at chain stores and "big box" companies. Beyond retail, workers in business services include real estate, finances and communications, all typically in urban areas. Many areas of the service sector continue to grow, while manufacturing has shrunk since 1944.

Wartime efforts in the 1940s helped push manufacturing to 29 percent of the GDP, but it has since fallen to 10.9 percent in 2012. The volume of manufacturing has generally kept pace with the growth of the GDP. Many Canadian factories are branches of American and Japanese car companies, fueled by well-educated workers and lower labor costs than their counterparts elsewhere. Leading products include machinery, equipment, cars, planes and parts. While manufacturing has shrunk in the post-war era, agriculture has declined even more rapidly.

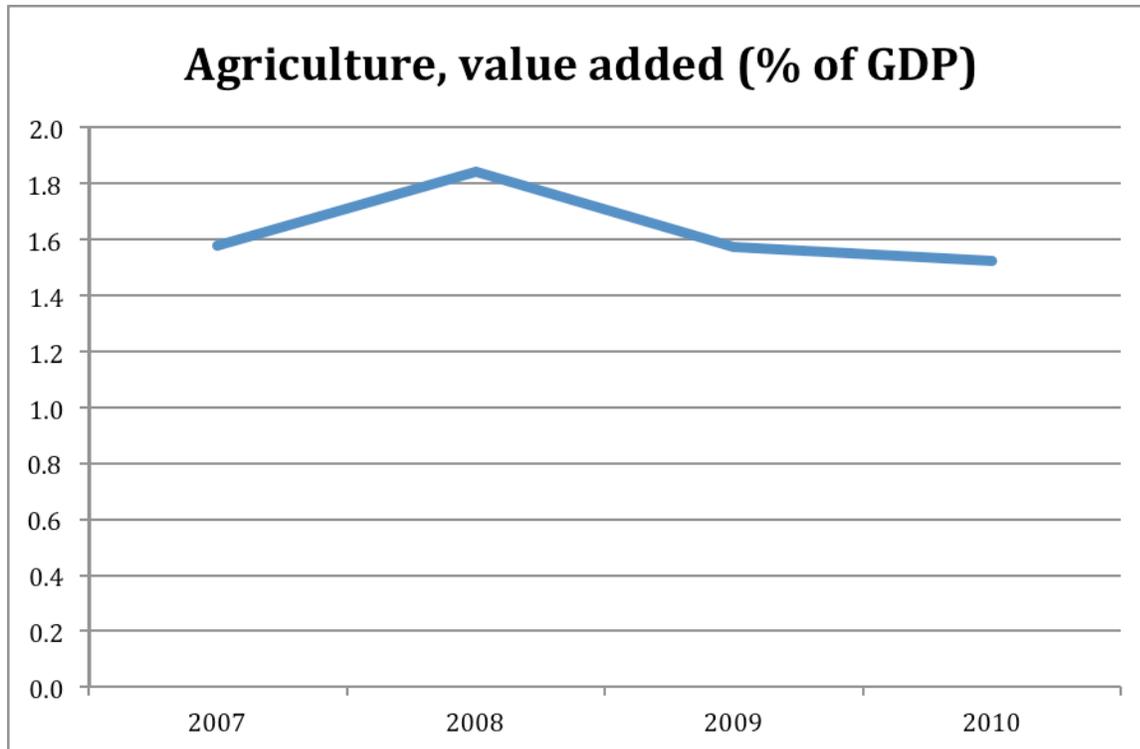


Figure 1.

Farming and ranching made up 8 percent of the GDP in 2011 and one in eight jobs. Canada remains one of the world's leading producers and exporters in agriculture. Grains and red meat make up nearly 60 percent of production. The movement away from farms and rural areas represents one of the biggest shifts in the Canadian economy in the last century, mirroring the pattern in other industrialized nations. This helped to focus the country on modern needs and luxuries at home and abroad. Some of this adaptation can be traced to the high level of education among the national workforce.

#### 4. Social Indicators

More than half of Canadians have tertiary education, the only one in the world to have such a high rate. One study puts the country as the most educated of all (Sauter and Hess). The adult literacy rate is 99 percent. And 89 percent of adults have a high school degree or its equivalent. Provinces provide schooling for citizens, mandatory for age 5 to 18. With many countries outsourcing jobs and plants, this well-educated workforce attracts international business, as well as immigrants seeking a better way of life. Another attraction is the government-sponsored education and health care programs.

Health care represents 7 percent of the GDP, while education represents 5.4 percent, and both sectors are growing. The universal nature of these two areas means a continuous need for more skilled professionals such as doctors and teachers. Health care is quickly growing, though this has led to problems for provincial governments required to fund the system. More revenues go directly towards care than in other nations, thanks to practices such as limiting advertising. While the health care and education industries place Canada in a unique position, it is the energy sector where the country truly stands out.

The country has large oil and gas deposits in Alberta and the Northern Territories. It is one of the few developed countries with a net export of energy. Its oil reserves are the third largest worldwide. Beyond petroleum, several provinces produce cheap hydroelectric power. These prices enable Canadians to be one of the world's biggest consumers of energy per capita. Power is so inexpensive that manufacturing has expanded to include energy-intensive products such as aluminum (Ménard). The country is energy rich, but one of its main engines is surprisingly energy poor.

Ontario, while lacking the oil and gas bounties of the other provinces, provides more than a third of the national GDP leading all other provinces. Power there comes primarily from nuclear and hydroelectric sources. The province leads the way in manufacturing, accounting for more than half of Canada's total manufacturing shipments. It benefits from both a bounty of natural resources and easy proximity to American waterways for transportation of cars, steel, food and machinery. This province represents a thriving Canada, but social indicators paint a sharper picture of national health.

Canada's most impressive social indicator is life expectancy, with its people outliving their peers on this half of the planet. Among all residents, the average is 81.7 years, with men at 79.1 years and women at 84.4 years. This ranks Canada at No. 14 in the world, the only country in the Western Hemisphere in the entire Top 20. This is a 9 percent increase over the life expectancy in 1979 of 74.9 years. These long lives begin with a healthy birth.

The country ranks No. 182 among some 220-plus nations in infant mortality. Only 4.7 deaths occur for every 1,000 live births, with male infants at 5 deaths and female infants at 4.4 deaths per 1,000. The maternal mortality rate is slightly worse, with 12 deaths for every 100,000 live births, ranking Canada at No. 147 out of 184 countries. The birth rate is 10.3 births per 1,000 people, a rank of 188 among 224 nations. Canadian babies face a long and productive time in school.

Each child can expect to spend an average of 16 years in primary and secondary school, with boys averaging 15 years and girls averaging 16 years. Canada spends 5.4 percent of its GDP on education, making it No. 62 among 173 countries. Many continue past high school, as 51 percent have earned a university degree. This emphasis on education pays off in smarter adults.

The literacy rate is 99 percent among men and 99 percent among women. As with most countries, literacy means those age 15 and older who can read and write. Canada not only excels in education but also in health statistics.

Canada spends 11.6 percent of its GDP on health care, which ranks it at No. 13 in the world. The government covers 69.8 percent of health care costs, or \$3,895 in U.S. dollars per capita, on the higher end among industrial nations. Citizens receive mostly free services, though they pay for prescriptions and dental visits out of pocket or through employers' plans. One challenge the Canadian government has faced is increasing costs every year with limited options for containing them:

While global budgets for hospitals can be an effective overall cost containment tool, it can and has led to shortages. Shortages and waiting lists are not widespread, but with increasing financial pressure on the health care system they are becoming more frequent (Bernard 6).

Despite costs, Canadians still see an ever-increasing stable of physicians.

In 2012, Canada had a record 75,000-plus doctors, about 2.2 doctors per 1,000 population and 9 nurses per 1,000. The government spends upwards of about \$26 billion in Canadian dollars annually on doctors. It spends nearly twice that on hospitals.

Each year, the government spends \$51 billion in Canadian dollars on hospitals. The hospital bed density is 3.2 beds per 1,000 people, a rank of 72 among 192 countries. The death rate is 8.3 deaths per 1,000 population, putting Canada at No. 89 in the world. The overall health of its citizens can be attributed to the network of doctors and hospitals, as well as the remarkable sanitation conditions as a whole.

Just about every Canadian benefits from access to clean and sanitary water. For improved water sources, all urban residents and 99 percent of rural residents, or 99.8 percent of the population have access. The same numbers not surprisingly have access to improved sanitation facilities, with modern sewer or septic tank systems. This puts Canada on equal footing with other industrial nations for water and sanitation.

## 5. Conclusion

Canada is among world leaders in economic growth, reaping the benefits of an educated workforce and numerous trade agreements. Hundreds of thousands of immigrants flock to this booming nation each year to be part of the ongoing success story. The gains have continued even with a large portion of the GDP dedicated to universal health care and education. The Canadian model provides a template and a set of ideas for other nations to follow.

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