

## ECONOMIC VIEWPOINT

# Quebec and Its Regions: Evolution, Comparisons and Experiences Abroad (Part 2)

## A Comparative Review of Various Indicators Reveals Changes

[Part 1](#) of this *Economic Viewpoint* looked at federal and provincial government actions in Quebec from the late 1950s to the present day. In Part 2, several indicators have been selected to illustrate how the regions evolved during this time period and the changes that took place. Why look at regional dynamics during a pandemic when all eyes are focused on Greater Montreal's recovery? Because the Montreal region and peripheral zones are closely linked and it is important to know how they compare to the metropolis. But the objective is also to take note of the gains that all of Quebec's regions have made over time.

That is why the post-war evolution of Quebec's regions to the present day cannot be summed up in a few clear-cut findings. Fortunately, thanks to the gains made in recent decades, all the regions are better equipped to rise to the challenges they are facing and take advantage of the resulting opportunities in a future world in which the economy, culture and climate will be very different than in the one that has prevailed until today.

### The Current Situation

Despite the noticeable reduction in regional disparities since the 1950s and 1960s, marked differences persist between the territorial zones<sup>1</sup> and the administrative regions. These gaps are visible in the variables examined in this *Economic Viewpoint*. Some of the more recent data may date from 2016, 2017 and 2018; such is the case for the regional data. The data selected were the most up-to-date at the time this analysis was written.

### Demographics

Table 1 on page 2 indicates that, in 2018, more than 60% of all Quebecers lived in the metropolitan zone, and this concentration is increasing. Between 2013 and 2018, the population grew faster in this zone (4.5%) than in Quebec generally (3.4%). On the other hand, in 2018, the peripheral zone represented no more than 6.8% of Quebec's population, down 1.4% between 2013 and 2018. This demographic decline, which has clearly been going on for some time (table 2 in [Part 1](#) of

the *Economic Viewpoint*), is worrisome because it threatens long-term infrastructure and service viability.<sup>2</sup>

Interregional net migration is mitigating these trends in part, since, in this case, the intermediate zone is experiencing population growth to the detriment of the two other zones. The losses are especially high in Montréal, which lost 1.2% of its population in five years. This shift is different from the one noted in the 1960s, as only the metropolitan zone and, to a lesser degree, the Côte-Nord and Nord-du-Québec regions, posted positive net migration.<sup>3</sup>

Immigration data (table 2 on page 3) show that the population concentrated in the metropolitan region is not in the process of declining through the arrival of new Canadians. In fact, in 2016, 88.5% of all newcomers settled in the metropolitan zone, especially Montréal (59.1%). They already represent a major share

<sup>2</sup> Marc-Urbain PROULX and Marie-Claude PRÉMONT, *La politique territoriale au Québec – 50 ans d'audace, d'hésitations et d'impuissance*, Presses de l'Université du Québec, 2019, p. 241. (Available in French only)

<sup>3</sup> According to the data for the period 1961–1971 published in *Bâtir le Québec*, 1979, p. 32. (Available in French only)

<sup>1</sup> The territories were defined in part 1 of the *Economic Viewpoint* and group together different administrative regions.

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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**TABLE 1**  
**Demographic data for 2018**

	POPULATION		VARIATION 2018–2013	INTERREGIONAL NET MIGRATION	RATE
	K	QC = 100	%	Number	%
<b>Metropolitan zone</b>	<b>5,135.5</b>	<b>61.2</b>	<b>4.5</b>	<b>-4,803</b>	<b>-0.1</b>
Montréal	2,029.4	24.2	4.7	-23,663	-1.2
Laval	432.9	5.2	4.0	267	0.1
Laurentides	611.0	7.3	5.7	6,294	1.0
Lanaudière	507.9	6.1	4.2	3,381	0.7
Montérégie	1,554.3	18.5	4.0	8,918	0.6
<b>Intermediate zone</b>	<b>2,682.5</b>	<b>32.0</b>	<b>2.8</b>	<b>6,103</b>	<b>0.2</b>
Capitale-Nationale	745.1	8.9	3.4	1,521	0.2
Mauricie	269.3	3.2	3.3	868	0.3
Estrie	326.5	3.9	3.3	1,469	0.4
Chaudière-Appalaches	426.1	5.1	2.1	974	0.2
Centre-du-Québec	247.3	2.9	3.4	874	0.4
Outaouais	390.8	4.7	3.2	951	0.2
Saguenay–Lac-Saint-Jean	277.4	3.3	-0.2	-554	-0.2
<b>Peripheral zone</b>	<b>572.4</b>	<b>6.8</b>	<b>-1.4</b>	<b>-1,299</b>	<b>-0.2</b>
Bas-Saint-Laurent	197.4	2.4	-1.3	-132	-0.1
Abitibi-Témiscamingue	147.5	1.8	-0.2	-406	-0.3
Côte-Nord	91.2	1.1	-4.7	-905	-1.0
Nord-du-Québec	45.6	0.5	3.9	-94	-0.2
Gaspésie–Îles-de-la-Madeleine	90.7	1.1	-2.6	238	0.3
<b>Quebec total</b>	<b>8,390.5</b>	<b>100.0</b>	<b>3.4</b>		

Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

of the population in the Montréal (34.0%) and Laval (28.5%) regions.

## The Economy

### ► Output

- In 2017, the metropolitan zone accounted for nearly two-thirds of Quebec's GDP, with Montréal alone representing more than one-third (table 3 on page 3). Montérégie also produced a major share (15.4%) of Quebec's output as did the Capitale-Nationale region (9.9%) in the intermediate zone. In contrast, the peripheral zone represented less than 8% of Quebec's output.
- Table 4 on page 3 shows how output in each zone and each region was distributed among the major sectors of manufacturing, services, and "other," which combines resource development, construction and public utilities.
- These three categories are fairly evenly distributed within the metropolitan and intermediate zones, with services clearly dominating, since they represent three-quarters of the production value. The peripheral zone stands out due to the prevalence of "other" sectors because of the importance of resource development. In this regard, Nord-du-Québec represents the extreme, with nearly two-thirds of its output falling under "other." Centre-du-Québec and Chaudière-Appalaches are two

regions that stand out because manufacturing represents one quarter of output, or almost double the Quebec average (14.1%). Finally, it should be pointed out that, due to the prevalence of ministries and government bodies in the Capitale-Nationale and Outaouais regions, services clearly fill a bigger share of regional output there than elsewhere. Also worth mentioning are the many insurance companies headquartered in the Quebec City–Lévis agglomeration (11 in all), which add to the weight of services in the economy.

### ► Investment

- Capital spending matches investments made by private and public companies to expand their production capacity. This indicator helps determine the relative dynamism of the various territorial zones and administrative regions. However, caution is advised when interpreting it given that capital spending can be subject to strong cyclical variations. This caution is especially called for in the peripheral zone, where the resources cycle has a major impact (for example, pulp and paper mills, aluminum smelters, hydroelectric dams, and so on).
- In 2019, the metropolitan zone grabbed more than half of the capital spending in Quebec (table 5 on page 4). Yet this zone's dominance is less clear when it comes to the production data (table 3 on page 3), which reached

**TABLE 2**  
**Immigration in 2016**

	DISTRIBUTION OF IMMIGRANT POPULATION		SHARE OF REGIONAL POPULATION	
	Number	%	%	QC = 100
<b>Metropolitan zone</b>	<b>965,390</b>	<b>88.5</b>	<b>n/a</b>	<b>n/a</b>
Montréal	644,680	59.1	34.0	248.2
Laval	116,935	10.7	28.5	208.0
Laurentides	30,705	2.8	5.3	38.7
Lanaudière	25,960	2.4	5.3	38.7
Montérégie	147,110	13.5	10.0	73.0
<b>Intermediate zone</b>	<b>118,785</b>	<b>10.9</b>	<b>n/a</b>	<b>n/a</b>
Capitale-Nationale	41,895	3.8	5.9	43.1
Mauricie	6,265	0.6	2.4	17.5
Estrie	17,580	1.6	5.7	41.6
Chaudière-Appalaches	7,320	0.7	1.8	13.1
Centre-du-Québec	5,720	0.5	2.4	17.5
Outaouais	37,040	3.4	9.8	71.5
Saguenay-Lac-Saint-Jean	2,965	0.3	1.1	8.0
<b>Peripheral zone</b>	<b>7,140</b>	<b>0.6</b>	<b>n/a</b>	<b>n/a</b>
Bas-Saint-Laurent	2,450	0.2	1.3	9.5
Abitibi-Témiscamingue	2,135	0.2	1.5	10.9
Côte-Nord et Nord-du-Québec	1,605	0.1	1.2	8.8
Gaspésie-Îles-de-la-Madeleine	950	0.1	1.1	8.0
<b>Quebec total</b>	<b>1,091,310</b>	<b>100.0</b>	<b>13.7</b>	<b>100.0</b>

n/a: not available

Sources: Ministère de l'Immigration, de la Francisation et de l'Intégration and Desjardins, Economic Studies

**TABLE 3**  
**GDP in 2017**

	\$M	%
<b>Metropolitan zone</b>	<b>244,048</b>	<b>63.4</b>
Montréal	134,073	34.8
Laval	15,776	4.1
Laurentides	21,188	5.5
Lanaudière	13,887	3.6
Montérégie	59,124	15.4
<b>Intermediate zone</b>	<b>112,114</b>	<b>29.1</b>
Capitale-Nationale	38,194	9.9
Mauricie	9,590	2.5
Estrie	12,073	3.1
Chaudière-Appalaches	18,149	4.7
Centre-du-Québec	9,517	2.5
Outaouais	13,632	3.5
Saguenay-Lac-Saint-Jean	10,959	2.8
<b>Peripheral zone</b>	<b>28,788</b>	<b>7.5</b>
Bas-Saint-Laurent	7,404	1.9
Abitibi-Témiscamingue	7,813	2.0
Côte-Nord	6,223	1.6
Nord-du-Québec	4,133	1.1
Gaspésie-Îles-de-la-Madeleine	3,215	0.8
<b>Quebec total</b>	<b>384,950</b>	<b>100.0</b>

Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

**TABLE 4**  
**Output per major sector in 2017**

IN %	MANUFACTURING	OTHERS <sup>1</sup>	SERVICES
<b>Metropolitan zone</b>	<b>14.2</b>	<b>10.8</b>	<b>75.2</b>
Montréal	12.5	10.0	77.5
Laval	11.9	7.6	80.5
Laurentides	16.0	12.6	71.3
Lanaudière	13.3	10.6	76.1
Montérégie	17.6	12.7	69.7
<b>Intermediate zone</b>	<b>15.0</b>	<b>11.8</b>	<b>73.2</b>
Capitale-Nationale	7.8	9.1	83.1
Mauricie	13.9	17.0	69.2
Estrie	20.5	9.7	69.8
Chaudière-Appalaches	28.3	12.1	59.5
Centre-du-Québec	25.2	14.5	60.3
Outaouais	4.1	11.6	84.3
Saguenay-Lac-Saint-Jean	17.6	16.5	65.9
<b>Peripheral zone</b>	<b>10.6</b>	<b>35.9</b>	<b>53.4</b>
Bas-Saint-Laurent	11.4	19.2	69.4
Abitibi-Témiscamingue	15.0	31.4	53.6
Côte-Nord	11.0	46.4	42.6
Nord-du-Québec	2.7	64.9	32.3
Gaspésie-Îles-de-la-Madeleine	7.5	28.1	64.4
<b>Quebec total</b>	<b>14.1</b>	<b>12.9</b>	<b>73.0</b>

<sup>1</sup> Agriculture, forestry, fishing and hunting, mines, public utilities, construction. The totals may not add up to the sum of their parts due to rounding.

Sources: Statistics Canada, Institut de la statistique du Québec, ministère de l'Économie et de l'Innovation and Desjardins, Economic Studies

63.4% of the total for Quebec (in 2017). On the other hand, in 2019, capital spending in the peripheral zone was double (16.1%) the total for all of Quebec, which was not the case for production (7.5%) in 2017. These contrasting data can probably be explained by the fact that investments in the metropolitan zone were mostly made in service industries and SME manufacturing plants, whereas investments in the peripheral zone were largely in mining, forestry and energy projects, which require a lot more material capital.

#### ► External links

- The destination of goods shipped from the regions indicates to what extent companies are focused on the local and Quebec economies or on external markets, such as the rest of Canada or foreign countries. Table 6 on page 5 provides the information for 2017. Of note is the fact that the main destinations for goods exported from all of the regions were practically tied between Quebec (39.0%) and abroad (38.0%). The remaining 23.0% was shipped to the other Canadian provinces. Shipments abroad from the metropolitan zone were in the lead (40.3%; for example, aerospace), followed by Quebec (33.8%) and the rest of Canada (26.9%). In the intermediate zone, Quebec was in first place at 46.0%, followed by abroad at 33.1% and the rest of Canada at 20.9%. Lastly, in the peripheral zone, Quebec was the first destination (48.8%), abroad the second (40.8%), and the rest of Canada the third (10.4%).
- At the regional level, Côte-Nord (81.7%), Saguenay–Lac-St-Jean (61.8%) and Laurentides (53.4%) stand out because of the importance of international export markets. Furthermore, Quebec market share was considerably higher in Abitibi-Témiscamingue (71.0%), Chaudière-Appalaches (58.5%) and Lanaudière (51.9%).

#### ► Labour market

- Table 7 on page 5 reflects the strength of the labour market in 2019 based on the participation and employment rates. The main observation is that there were few variations from one administrative region to another, except for Gaspésie–Îles-de-la-Madeleine, where the participation and employment rates are lower than elsewhere. This mostly uniform situation throughout Quebec was likely due to the mobility of the output factors mentioned earlier, namely that people looking for work will move to another region if there are not enough job opportunities where they live.

**TABLE 5**
**Outlook for capital spending in 2019**

	CAPITAL SPENDING	
	\$M	Distribution (%)
<b>Metropolitan zone</b>	<b>22,868.8</b>	<b>55.2</b>
Montréal	13,965.3	33.7
Laval	1,019.3	2.5
Laurentides	1,482.9	3.6
Lanaudière	957.2	2.3
Montérégie	5,444.1	13.1
<b>Intermediate zone</b>	<b>11,990.2</b>	<b>28.9</b>
Capitale-Nationale	4,120.1	9.9
Mauricie	816.4	2.0
Estrie	1,332.9	3.2
Chaudière-Appalaches	1,767.2	4.3
Centre-du-Québec	959.0	2.3
Outaouais	1,216.3	2.9
Saguenay–Lac-Saint-Jean	1,778.3	4.3
<b>Peripheral zone</b>	<b>6,661.3</b>	<b>16.1</b>
Bas-Saint-Laurent	841.6	2.0
Abitibi-Témiscamingue	1,785.0	4.3
Côte-Nord	1,978.7	4.8
Nord-du-Québec	1,584.0	3.8
Gaspésie–Îles-de-la-Madeleine	472.0	1.1
<b>Quebec total</b>	<b>41,447.8</b>	<b>100.0</b>

Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

#### ► Economic vitality

- The territories' economic vitality index is calculated for all municipalities, Aboriginal communities and unorganized territories. It is based on the data on the rate of workers aged 25–64, total median income of those aged 18 and older, and the average annual population growth rate over a five-year period. All of the municipalities are ranked according to decreasing vitality, then divided into five equal quintiles.
- Table 8 on page 6 shows the number of municipalities in each administrative region ranked in the most-vitalized quintile and those ranked in the least-vitalized quintile in 2016. Laval is a special case, since the region and the municipality are one and the same.
- With the exception of Outaouais, the peripheral zone had the highest proportion of devitalized municipalities, with Gaspésie–Îles-de-la-Madeleine reaching 70.2%.

#### People's Well-Being

The relative situation of the territorial zones and the administrative regions cannot be assessed based solely on economic performance data. Variables relating to the well-being of regional populations must also be considered.

**TABLE 6**  
**Destination of shipments in 2017**

	TOTAL		ABROAD		REST OF CANADA		QUEBEC	
	\$M		\$M	%	\$M	%	\$M	%
<b>Metropolitan zone</b>	<b>92,420.3</b>		<b>37,263.0</b>	<b>40.3</b>	<b>24,875.6</b>	<b>26.9</b>	<b>31,281.9</b>	<b>33.8</b>
Montréal	45,620.9		18,246.0	40.0	13,499.1	29.6	13,875.8	30.4
Laval	3,500.9		1,030.9	29.4	858.9	24.5	1,611.1	46.0
Laurentides	8,908.3		4,760.0	53.4	1,566.7	17.6	2,581.7	29.0
Lanaudière	5,604.7		1,858.3	33.2	837.0	14.9	2,909.4	51.9
Montérégie	28,785.5		11,367.8	39.5	7,113.9	24.7	10,303.9	35.8
<b>Intermediate zone</b>	<b>51,871.0</b>		<b>17,183.6</b>	<b>33.1</b>	<b>10,850.4</b>	<b>20.9</b>	<b>23,837.2</b>	<b>46.0</b>
Capitale-Nationale	8,498.6		2,194.3	25.8	2,706.4	31.8	3,597.9	42.3
Mauricie	3,197.9		1,134.2	35.5	501.0	15.7	1,562.7	48.9
Estrie	6,364.8		3,043.3	47.8	1,133.4	17.8	2,188.1	34.4
Chaudière-Appalaches	17,478.9		3,504.0	20.0	3,754.5	21.5	10,220.4	58.5
Centre-du-Québec	8,526.0		2,818.8	33.1	1,834.9	21.5	3,872.3	45.4
Outaouais	1,283.8		460.7	35.9	307.9	24.0	515.2	40.1
Saguenay-Lac-Saint-Jean	6,521.0		4,028.3	61.8	612.3	9.4	1,880.4	28.8
<b>Peripheral zone</b>	<b>11,627.0</b>		<b>4,746.3</b>	<b>40.8</b>	<b>1,207.0</b>	<b>10.4</b>	<b>5,673.6</b>	<b>48.8</b>
Bas-Saint-Laurent	3,145.9		1,178.6	37.5	550.9	17.5	1,416.4	45.0
Abitibi-Témiscamingue	4,854.9		1,041.6	21.5	366.6	7.6	3,446.7	71.0
Côte-Nord	2,305.8		1,883.8	81.7	87.1	3.8	334.9	14.5
Nord-du-Québec	459.1		224.0	48.8	77.0	16.8	158.1	34.4
Gaspésie-Îles-de-la-Madeleine	861.3		418.3	48.6	125.4	14.6	317.6	36.9
<b>Quebec total</b>	<b>155,918.3</b>		<b>59,192.9</b>	<b>38.0</b>	<b>35,933.1</b>	<b>23.0</b>	<b>60,792.3</b>	<b>39.0</b>

Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

**TABLE 7**  
**Labour market in 2019**

	PARTICIPATION RATE		EMPLOYMENT RATE	
	%	QC = 100	%	QC = 100
<b>Metropolitan zone</b>				
Montréal	67.3	103.8	62.5	101.5
Laval	62.2	96.0	59.5	96.7
Laurentides	64.4	99.3	61.6	100.0
Lanaudière	64.5	99.5	61.9	100.6
Montérégie	65.6	101.2	62.9	102.2
<b>Intermediate zone</b>				
Capitale-Nationale	67.2	103.7	64.8	105.4
Mauricie	56.8	87.5	53.7	87.2
Estrie	61.9	95.5	59.3	96.3
Chaudière-Appalaches	64.8	99.9	62.6	101.8
Centre-du-Québec	64.0	98.7	61.5	100.0
Outaouais	66.9	103.2	63.6	103.4
Saguenay-Lac-Saint-Jean	59.2	91.3	55.9	90.9
<b>Peripheral zone</b>				
Bas-Saint-Laurent	58.5	90.2	55.3	89.8
Abitibi-Témiscamingue	66.6	102.7	64.0	104.1
Côte-Nord	63.8	98.4	60.7	98.6
Nord-du-Québec	63.8	98.4	60.7	98.6
Gaspésie-Îles-de-la-Madeleine	51.0	78.7	44.4	72.1
<b>Quebec total</b>	<b>64.8</b>	<b>100.0</b>	<b>61.5</b>	<b>100.0</b>

Sources: Statistics Canada and Desjardins, Economic Studies

► Disposable income

- Disposable income per capita is measured by taking into account all types of income plus government transfers<sup>4</sup> but minus income taxes. Table 9 on page 7 shows that interregional disparities are less marked for this variable than for per capita output (table 3 in [part 1](#) of the *Economic Viewpoint*). In addition to the adjustment for workers moving in search of employment, table 9 reveals that the gaps between the regions have narrowed largely due to public retirement plans and other government transfers. This factor is more prevalent in the regions of Gaspésie–Îles de la Madeleine and Bas-Saint-Laurent.

► Education

- Getting a diploma greatly enhances a worker's chances of finding a job. If it is a post-secondary degree, the chances of getting a job that matches their interests are even greater.
- According to the data shown in table 10 on page 7, the Montréal and Capitale-Nationale regions stand out from the other regions because of the higher proportion of university graduates that live there. On the other hand, the peripheral zone regions have a proportion of people with no diploma that exceeds the Quebec average and a lower rate of university graduates.

► Internet

- A connection to a digital communication network is increasingly essential for companies and self-employed workers wanting to take advantage of the opportunities that the new economy offers. This will be especially true given the current physical distancing, which will continue for many more months or even beyond the end of the year. The data in table 11 on page 8 suggest that all regions have internet and smartphone use. Still, it should be noted that internet and cellphone services continue to pose a challenge for some municipalities and many territories located far from the major centres.

### To Sum Up

Like the data on long-term change, those on the current situation show that significant differences exist between the territorial zones and the administrative regions. The biggest disparities are those that separate the peripheral regions from the metropolitan and intermediate regions due to factors such as the weight of the activities relating to natural resources, the importance of export markets, the dependence on government transfers and demographic changes.

<sup>4</sup> Government transfers include family benefits, employment insurance benefits, the Quebec Pension Plan, the Canada Pension Plan, Old Age Security, Guaranteed Income Supplement and, in the case of Nord-du-Québec, Aboriginal support.

**TABLE 8**

**Municipal economic vitality in 2016**

IN %	DISTRIBUTION OF MUNICIPALITIES BY QUINTILE	
	Most vitalized	Least vitalized
<b>Metropolitan zone</b>		
Montréal	60.0	6.7
Laval	100.0	0.0
Laurentides	21.1	17.1
Lanaudière	23.3	18.3
Montérégie	42.4	1.7
<b>Intermediate zone</b>		
Capitale-Nationale	42.4	10.2
Mauricie	6.8	25.0
Estrie	11.4	12.5
Chaudière-Appalaches	23.5	14.7
Centre-du-Québec	8.6	6.2
Outaouais	13.2	44.1
Saguenay–Lac-Saint-Jean	3.9	15.7
<b>Peripheral zone</b>		
Bas-Saint-Laurent	3.5	38.6
Abitibi-Témiscamingue	16.2	25.7
Côte-Nord	2.2	42.2
Nord-du-Québec	42.9	3.6
Gaspésie–Îles-de-la-Madeleine	10.6	70.2

Source: Institut de la statistique du Québec

The data also show that it is impossible to reduce all the regions in the same zone to a single common denominator, as there can be major distinctions between them. One good example is a comparison between the Nord-du-Québec and Gaspésie–Îles-de-la-Madeleine regions. Although both are located in the peripheral zone, the first is characterized by one of the highest per capita outputs in Quebec, the second by one of the lowest.

Many variables tend to confirm the labour mobility from the peripheral zone to the metropolitan zone and, to a lesser degree, the intermediate zone.

### Outlook and Possibilities

In light of the findings in part 1 of this *Economic Viewpoint* and the data analysis, the overall depiction of the various Quebec regions has changed over the past half century as a result of underlying tendencies, such as an increased demographic concentration in the greater metropolitan area and the significant reduction in social and economic inequality between the most prosperous and most disadvantaged regions.

Some of these trends are likely to continue in the medium term given the weight of certain gains. However, the relative situation of various regions could also change in the coming years due to new factors that may either benefit or disadvantage some of them, as the case may be. We still do not know if a shock like COVID-19 will leave a major economic mark on each region.

**TABLE 9**  
**Disposable income and government transfers in 2017**

	DISPOSABLE INCOME		GOVERNMENT TRANSFERS	
	\$/person	QC = 100	\$/person	QC = 100
<b>Metropolitan zone</b>	<b>29,345</b>	<b>101.9</b>	<b>6,251</b>	<b>94.9</b>
Montréal	29,612	102.9	6,051	91.9
Laval	28,277	98.2	6,029	91.6
Laurentides	29,472	102.4	6,528	99.1
Lanaudière	27,910	97.0	6,792	103.2
Montérégie	29,741	103.3	6,290	95.5
<b>Intermediate zone</b>	<b>27,986</b>	<b>97.2</b>	<b>6,942</b>	<b>105.4</b>
Capitale-Nationale	29,929	104.0	6,661	101.2
Mauricie	26,243	91.2	7,793	118.4
Estrie	27,507	95.6	7,198	109.3
Chaudière-Appalaches	28,025	97.4	6,854	104.1
Centre-du-Québec	26,514	92.1	7,268	110.4
Outaouais	27,318	94.9	5,977	90.8
Saguenay-Lac-Saint-Jean	27,085	94.1	7,728	117.4
<b>Peripheral zone</b>	<b>27,553</b>	<b>95.7</b>	<b>7,864</b>	<b>119.4</b>
Bas-Saint-Laurent	26,339	91.5	8,092	122.9
Abitibi-Témiscamingue	29,514	102.5	6,938	105.4
Côte-Nord	28,480	98.9	7,238	109.9
Nord-du-Québec	26,053	90.5	6,829	103.7
Gaspésie-Îles-de-la-Madeleine	26,832	93.2	10,029	152.3
<b>Quebec total</b>	<b>28,785</b>	<b>100.0</b>	<b>6,584</b>	<b>100.0</b>

Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

**TABLE 10**  
**Education level in 2017**

	NO DIPLOMA		UNIVERSITY DEGREE	
	%	QC = 100	%	QC = 100
<b>Metropolitan zone</b>	<b>9.9</b>	<b>88.5</b>	<b>36.8</b>	<b>112.3</b>
Montréal	7.7	68.1	50.6	154.3
Laval	9.9	87.6	31.1	94.8
Laurentides	12.1	107.1	26.0	79.3
Lanaudière	14.0	123.9	20.9	63.7
Montérégie	10.9	96.5	29.9	91.2
<b>Intermediate zone</b>	<b>13.0</b>	<b>114.2</b>	<b>26.3</b>	<b>80.3</b>
Capitale-Nationale	7.8	69.0	37.5	114.3
Mauricie	15.0	132.7	19.2	58.5
Estrie	14.7	130.1	24.1	73.5
Chaudière-Appalaches	14.4	127.4	22.1	67.4
Centre-du-Québec	18.2	161.1	14.9	45.4
Outaouais	13.8	122.1	30.1	91.8
Saguenay-Lac-Saint-Jean	14.3	126.5	17.5	53.4
<b>Peripheral zone</b>	<b>17.3</b>	<b>152.7</b>	<b>19.1</b>	<b>58.1</b>
Bas-Saint-Laurent	17.8	157.5	21.1	64.3
Abitibi-Témiscamingue	18.2	161.1	19.7	60.1
Côte-Nord et Nord-du-Québec	15.1	133.6	18.2	55.5
Gaspésie-Îles-de-la-Madeleine	19.0	168.1	16.2	49.4
<b>Quebec total</b>	<b>11.3</b>	<b>100.0</b>	<b>32.8</b>	<b>100.0</b>

Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

**TABLE 11**  
**Digital network connection in 2018**

IN %	CONNECTED HOMES	SMARTPHONE*
<b>Metropolitan zone</b>	<b>92</b>	<b>77</b>
Montréal	90	74
Laval	96	84
Laurentides	91	77
Lanaudière	93	74
Montréal	92	79
<b>Intermediate zone</b>	<b>91</b>	<b>76</b>
Capitale-Nationale	92	78
Mauricie	91	72
Estrie	89	77
Chaudière-Appalaches	92	73
Centre-du-Québec	88	72
Outaouais	92	75
Saguenay-Lac-Saint-Jean	91	80
<b>Peripheral zone</b>	<b>n/a</b>	<b>n/a</b>
Bas-Saint-Laurent	85	68
Abitibi-Témiscamingue	86	80
Côte-Nord	87	77
Nord-du-Québec	n/a	n/a
Gaspésie-Îles-de-la-Madeleine	86	66
<b>Quebec total</b>	<b>91</b>	<b>76</b>

n/a: not available; \* Adult owning one smartphone.

Sources: CEFRIQ, NETendances and Desjardins, Economic Studies

## Gains

When looking at the gains that have been made in the past 60 years, one of the first worth noting is the important development of physical infrastructure that began in the late 1950s, especially the road network, since all of Quebec's regions now have much better access to southern Quebec and the rest of the continent. This is a major asset given the economic importance of trucking and the potential to develop tourism under normal circumstances.

Likewise, access to digital communications throughout most of the territory was a key gain, even if there is still room for improvement in the areas farthest from the urban centres.

The graduation rate at the different levels of education also appears to have been one of the main advances in recent decades, which the regions can count on for their future development. Graduation rates have increased everywhere, even if the peripheral regions continue to lag the metropolitan and intermediate regions. One especially encouraging factor was the roll-out of higher education in the intermediate and peripheral zones through the creation of the Université du Québec and its arms, and about 40 CEGEPS. However, higher education is no absolute guarantee for the regions that offer too few employment opportunities for graduates. Some of them may

decide to leave the region to look for jobs elsewhere that better match their qualifications.<sup>5</sup>

Furthermore, the universities and 37 college technology transfer centres located outside the metropolitan zone are helping to improve the research and innovation potential of local and regional economies in addition to strengthening areas of specialization and any comparative advantages.<sup>6</sup> These institutional assets take on greater strategic importance as the new economy favours knowledge and ideas over resources.

## The New Reality

The development of Quebec's regions in the medium term will take place in an economic and technological climate that is very different from the one that has prevailed since after the Second World War until recently, even before the COVID-19 pandemic hit.

### ► Digital telecommunications

- One of the changes currently underway that had a huge structural impact is the use of digital technologies in almost all economic processes. This change, along with the fact that a growing share of the economy consists in specialized services, could reduce the inconvenience of being physically distant from major markets, which the intermediate and peripheral regions face. Indeed, the possibility of selling services and collaborating online has eliminated the distance in some ways. A growing number of creators, researchers and specialized-service providers are working for clients around the world, whether their place of business is based in Rimouski, Saint-Georges-de-Beauce, Saguenay or Rouyn-Noranda, to name but a few.

### ► Climate change

- Climate change is seriously impacting the regions, especially those that have vast tracts of agricultural land and major areas of natural resources. It is impossible to predict with any certainty the type and extent of the impact that climate change will have on these territories, but it could be significant. It may be positive for some, adverse for others depending on the changes to rainfall, the intensity of droughts, wildlife habitats, areas of insect pest infestation, and so on. Consequently, agriculture and the forestry industry could become more productive due to a longer growing season, but they could also be affected by devastating forest fires and epidemics. It is also possible that the abundance of freshwater reserves

<sup>5</sup> Fernand MARTIN, *Développement des régions : devrait-on occuper tout le territoire?*, paper presented at the May 2004 conference of the Association des économistes québécois, p. 6. (Available in French only)

<sup>6</sup> Marc-Urbain PROULX and Marie-Claude PRÉMONT, *op. cit.*, p. 327. (Available in French only)



and the relative coolness of Quebec's climate become advantages, while people and businesses in other parts of the world grapple with scorching temperatures and catastrophic droughts.

► The role of cities

- Like the rest of the planet, Quebec has seen urbanization surge in the past century and a half. In recent decades, population growth, municipal amalgamations and the pull of the metropolitan area have led to a significant share of Quebec's population now living in cities of 50,000 people or more, which can serve as growth or development poles.
- The Institut de la statistique du Québec's most recent projections anticipate that Quebec's population will increase by one million by 2041 and that the province will become even more urbanized. As a result, the population of major cities, such as Montréal, Sherbrooke and Gatineau, may grow more than 15% based on these projections. In contrast, Bas-Saint-Laurent (-6.4%), Saguenay–Lac-Saint-Jean (-5.6%), Côte-Nord (-14.6%) and Gaspésie–Îles-de-la-Madeleine (-9.4%) may see their populations decline significantly.<sup>7</sup>
- Could the development of the intermediate and peripheral zones depend even more than in the past on the momentum of their main cities? In fact, some observers believe that the global economy is going back to the structure that it had had throughout most of its history, that is, an organization focused on a certain number of economic metropolises using their power to attract, with government policies having little or no effect.<sup>8</sup>

► The labour shortage

- As mentioned earlier, the intermediate and peripheral zones have been grappling for several years with a demographic exodus for the benefit of the metropolitan zone as well as a rapidly ageing population of workers and job seekers. Consequently, it is difficult to fill vacant jobs, especially those requiring a degree. In fact, according to the analysis conducted by the Ministère de l'Immigration, de la Diversité et de l'Inclusion in 2019, more than 40% of current labour needs are located outside the metropolitan zone.<sup>9</sup> The labour shortage threatens to worsen in future, since, on average, the Quebec population will be older. This will be the case in Bas-Saint-Laurent,

Gaspésie–Îles-de-la-Madeleine and Côte-Nord, where the number of those aged 20–64 will drop more than 20%<sup>10</sup> between 2016 and 2041. This change will have an adverse impact not only on the availability of workers, but also on entrepreneurship.

- In principle, immigration can, at the very least, partially fill the need for workers, but, until now, most immigrants have headed to the metropolitan zone. Temporary foreign worker programs appear to be the most popular solution in recent years for seasonal work and time-limited projects. Nonetheless, the situation in the spring and summer of 2020 has disrupted these practices. Quebecers answering the call from agricultural producers to work in the fields have partially offset the shortage of workers who usually come from other countries.

► The limits of resource industries

- The experience in recent decades has shown the potential and the limitations associated with developing and processing resources. Certain regions prospered, and income reached high levels in some places where the economy was based on natural resources, but, over time, Quebec also experienced a series of crises involving the depletion of forest resources, the collapse of the cod stocks, the drop in metal prices, even the shuttering of entire industries, such as asbestos. More recently, the media reported on the difficulties faced by businesses that want to produce diamonds or process aluminum produced in Quebec. It is even riskier to count on achieving prosperity based on natural resources because globalization heightened the competition between resource-producing economies. The iron mines of Côte-Nord must compete with rivals in Australia, Brazil and China. Even hydroelectric power can only attract aluminum smelters by offering a supply and rates comparable to those of natural gas in the Middle East.
- Lastly, the new economy favours knowledge and ideas over resources and, together, Quebec's regions will have to increasingly rely on specialized knowledge as well as innovative products and services to ensure future prosperity. This has already been the case for a long time in the metropolitan zone and is becoming the case in the intermediate zone. As for the peripheral zone, it will have to deal with the fact that increased productivity in the resources sector means that high wages are being paid to fewer and fewer workers, who, for the most part, stay occasionally and for limited amounts of time on northern job sites and operations.

<sup>7</sup> Institut de la Statistique du Québec, *Perspectives démographiques du Québec et des régions 2016-2066*, 2019 Edition, p. 34. (Available in French only)

<sup>8</sup> L'Institut du Québec, *Montréal, boulet ou locomotive? – L'importance de Montréal pour l'économie du Québec*. 2014, 44 p.; The researchers insist on the key role that cities play in economic development today. (Available in French only)

<sup>9</sup> Ministère de l'Immigration, de la Diversité et de l'Inclusion, *Recueil de statistiques sur l'immigration au Québec*, 2019, p. 27. (Available in French only)

<sup>10</sup> Institut de la Statistique du Québec, *Perspectives démographiques du Québec et des régions 2016-2066*, 2019 Edition, p. 36. (Available in French only)

- There is no doubt that a large part of Quebec's resources will still find takers in the future, if only because competitor reserves worldwide will have run out or become too expensive to develop, or global demand will have caught up with the current oversupply. It is also highly plausible that demand will lead to greater value being placed on resources such as water, sand (residential and road construction, glass bottles, computer screens, electronic chips, and so on) or wind than is currently the case. Also, Quebec's peripheral zones are likely to attract a growing number of tourists who love the wilderness, wide-open spaces and largely unexplored areas.
- Overall, all things point to a large section of Quebec's territory continuing to rely on an abundance of natural resources to grow, or at least maintain, some occupation of the territory. However, economic development linked to natural resources will have to take into account public concerns and environmental regulations. And, now more than ever, economic development in much of the natural resource-rich territories will have to take place in collaboration with the Aboriginal nations who live there.

#### In light of This Analysis...

The social and economic disparities between Quebec's regions have decreased in the past half century in response to government objectives. It is more difficult to determine if the regions' economic potential has been enhanced enough, but the fact that most of the regions have caught up to the Quebec average seems to suggest that it has. The economy of the peripheral regions continues to rely in large part on natural resource development on their territory, and processing more semi-finished and finished products remains a challenge. At a time when the economy is going through a tertiarization and dematerialization process, and working remotely is increasingly effective, there are development opportunities to be seized.

The infrastructure, services, policies, programs and projects implemented by Quebec and Canadian governments have no doubt had something to do with the positive changes that many of the indicators have undergone even if it's difficult to say how much. Workers moving from the peripheral zone to the other two zones can also explain in part the narrower gap for such variables as GDP, disposable income per capita and the unemployment rate.

The results are less satisfying when it comes to the attempts to occupy the territory. Demographic decline in the peripheral zone does not appear to be on the point of being checked, and a significant number of municipalities in this zone are devitalized. The growing concentration of Quebecers in the metropolitan zone clearly shows that occupying the territory is a major challenge. This concentration observed over the long term and in the projections for the next few decades suggests that the migration of workers and households from the peripheral regions helped develop the Greater Montreal area more than

Montreal spurred the development of the rest of Quebec, which is what the pole development approach was hoping for. Also, the destination of goods shipped from the peripheral regions proves that their prosperity depends more on their connection to the rest of the world than to the Montreal pole.

In all, the post-war evolution of Quebec's regions to the present day cannot be summed up in a few clear-cut findings. Many variables have noticeably converged, and the regions' situation relative to certain criteria has changed considerably, yet significant challenges remain to enhance regional economic potential and occupation of the territory. Fortunately, thanks to the gains made in recent decades, the regions are better equipped to tackle the challenges they face and make the best of the opportunities offered. However, they will do this in a future world in which the economy, culture and climate will be very different than in the one that has prevailed until today.

The first two parts of this *Economic Viewpoint* highlighted Quebec's experience over the past 60 years. Still, every government has a tale to tell when it comes to regional development. This analysis will conclude with a look at the experiences of regions outside Quebec, to be published by the end of the year.