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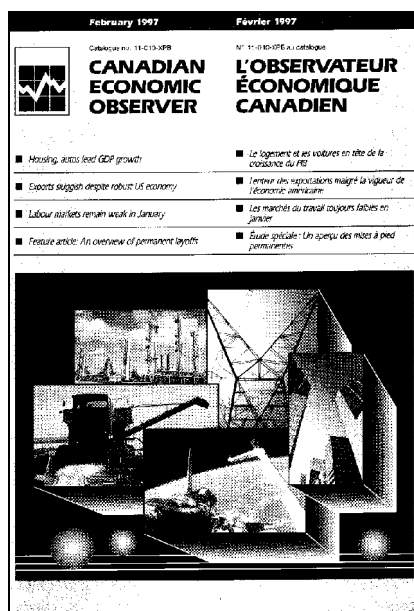
Thursday, February 20, 1997

For release at 8:30 a.m.

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- **Financial statistics for enterprises, 1996 and fourth quarter 1996** 8
Corporations posted their second consecutive increase in operating profits, following several quarters of little change.

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Canadian economic observer February 1997

The February issue of Statistics Canada's flagship publication for economic statistics, *Canadian economic observer*, analyses the current economic conditions, summarizes the major economic events that occurred in January, and presents the feature article "An overview of permanent layoffs".

A separate statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

The February 1997 issue of *Canadian economic observer* (11-010-XPB, \$22/\$220) is now available. See *How to order publications*.

For further information on this release, contact Cyndi Bloskie (613-951-3634), Current Economic Analysis Group (Internet: ceo@statcan.ca).



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MAJOR RELEASES

Retail trade

1996 and December 1996

While December retail sales retreated slightly from November 1996, retailers enjoyed a Christmas season healthier than the year before. The decline in retail sales in December (-0.3%) followed three months of strong growth. Consumers spent \$37 billion in the last two months of the year, about 4.5% more than in the last two Christmas seasons. This was the best holiday season since 1994.

Four of seven trade sectors saw increases in retail sales in December. In terms of dollar sales, growth was strongest in drug stores (+1.8%), followed by clothing (+1.3%) and food (+0.1%). The automotive sector also advanced slightly (+0.1%).

These gains were offset by losses in general merchandise (-1.4%), furniture (-1.2%) and stores classified as all other retail stores (-3.6%). It should be noted, however, that in general merchandise and furniture stores, the 1996 Christmas period sales (November and December) were higher than the same period in 1995 (+6.4% and +5.7% respectively).

Retail sales in 1996 were characterized by very small increases up until the fall, when retailers experienced stronger growth in sales, which led to an overall increase of 2.4% in 1996.

Note to readers

At the end of every calendar year, seasonally adjusted figures are revised to equal the sum of the unadjusted estimates. Revised seasonally adjusted figures are presented this month for September to December 1996. Revisions for the 1996 calendar year will be calculated and released later.

Annual 1996

Retailers achieved about the same growth in 1996 (+2.4, unadjusted data) as in 1995 (+2.3%). This is still lower than the growth in retail sales in 1994 (+6.7%) and 1993 (+4.7%). While in 1995 there were increases in most sectors, 1996 saw the growth concentrated in few sectors, in particular, in the automotive and general merchandise stores.

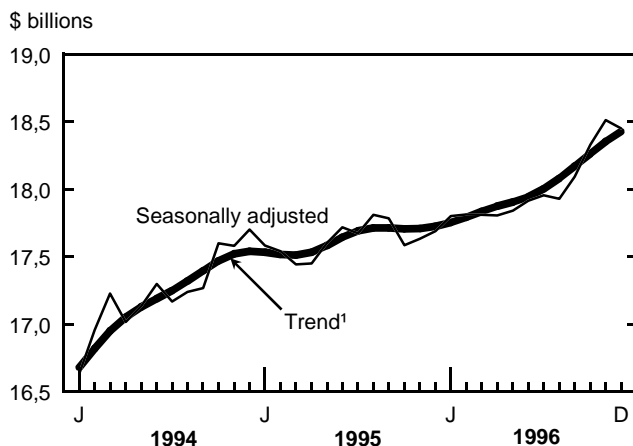
Auto sector drives retail growth in 1996

The sales growth experienced in 1996 was first driven by advances made by the automotive sector (which includes motor and recreational vehicle dealers, gasoline service stations and automobile parts, accessories and service). All of the trade groups in the automotive sector experienced growth, with motor vehicle and recreational vehicle dealers leading the way (+5.3% to \$52.2 billion). The number of new motor vehicles sold advanced 3.3% in 1996. Automobile parts, accessories and service stores, and gasoline service stations experienced increases of 6.8% and 10.5% respectively.

The second major contributor to the growth in retail was general merchandise stores. Increasing sales in these stores in 1996 (+5.0%) coincided with declining sales in clothing stores (-0.9%), furniture stores (-1.4%) and stores classified as all other retail stores (-1.4%). This may indicate a changing market, as consumers made more of their purchases in non-specialty stores, especially discount department stores, which saw sales rise by 8.6% in 1996. Among all department stores (discount and major), sales of furniture, appliances and home entertainment rose 4.7%. In addition, sales in the general merchandise trade sector other than department stores increased by 6.9%. The rate of growth in clothing and furniture stores has been declining since 1992, while general merchandise stores have been experiencing solid growth since 1993.

Decreasing sales in retail food stores (-1.8%) may indicate increasing competition facing supermarkets

Strong Christmas season for retailers



¹ Trend represents smoothed seasonally adjusted data.

(which saw a 2.1% decline in sales) by other food stores (+2.2%), general merchandise stores (+5.0%) and drug stores (+5.1%). The rate of growth in the retail food stores has been declining since 1992.

Retailers in the Prairies harvest highest results

A healthy harvest in 1996 helped the Prairie provinces surge ahead of other regions in retail sales growth. Sales in the Prairies rose in 1996 to 5.4%, compared with a 2.4% national average. This follows a more modest increase of 3.0% recorded for 1995.

Seven provinces and both territories saw a larger rate of growth in 1996 than in 1995. The three provinces that saw lower rates of growth than in 1995 — Newfoundland, Ontario and British Columbia — also had rates of growth below the national average. Only Newfoundland saw a decrease in retail sales in 1996.

Retailers in Saskatchewan recorded the highest sales increase (+8.0%) as a result of higher sales in the automotive sector. Sales by recreational and motor vehicle dealers dominated the growth in retail sales in Saskatchewan, with an increase of over 20% over 1995.

Manitoba recorded a second year of strong growth, advancing 6.1% in 1996, after an increase of 5.6% in 1995. Sales in Manitoba grew in all but two sectors: general merchandise stores and stores classified as other retail stores. Again, increased sales by recreational and motor vehicle dealers were responsible for most of the growth experienced by retailers in Manitoba.

Retailers in Alberta recorded a higher rate of growth in 1996 (+4.4) than in 1995 (+1.6). The 1996 growth was widespread, as only clothing sector sales declined in that year.

The Atlantic provinces, with the exception of Newfoundland, also experienced strong growth in 1996, led by Nova Scotia (+6.9%) and followed by New Brunswick (+5.4%) and Prince Edward Island (+5.0%). Advancing retail sales in Nova Scotia followed a decline in 1995 (-1.7%).

Retailers in Quebec reported a growth rate above the national average, mostly as a result of growing sales

by recreational and motor vehicle dealers. After the Prairie provinces, Quebec had the highest percentage increase in the number of new motor vehicles sold in 1996.

Ontario retailers posted no growth in 1996. The growth rate in Ontario has declined from 6.7% in 1994 to 3.1% in 1995. Unlike most other provinces, the increase in the automotive sector in Ontario was due to an increase in gasoline service station sales rather than recreational and motor vehicle dealers. Ontario and British Columbia were the only provinces to experience a decline in sales by recreational and motor vehicle dealers in 1996.

Retailers in British Columbia posted an increase in retail sales of 1.4% in 1996. This is the first time in over 10 years that the growth in sales in British Columbia has failed to meet the national average. Recreational and motor vehicle dealers did not experience the growth observed in most other provinces. The number of new vehicles sold in British Columbia declined 3.0% in 1996.

Early indications of January sales

Initial estimates indicate a drop in new motor vehicles sold in January. Employment in retail trade in January showed a scant decline of 2,000 employees. The number of housing starts in January rose 7.8%, to the highest level seen since November 1994. Retail trade in the United States grew 0.6% in January, after a 0.3% decrease in December.

Available on CANSIM: matrices 2299, 2398-2417 and 2420.

The December 1996 issue of *Retail trade* (63-005-XPB, \$20/\$200) will be available shortly. See *How to order publications*.

For further information on this release, contact Louise Généreux (613-951-3549). For analytical information, contact Greg Peterson (613-951-3592), Retail Trade Section, Industry Division. □

Retail sales

	Dec. 1995	Sept. 1996 ^r	Oct. 1996 ^r	Nov. 1996 ^r	Dec. 1996 ^p	Nov. to Dec. 1996	Dec. 1995 to Dec. 1996
seasonally adjusted							
	\$ millions					% change	
Food	4,467	4,438	4,524	4,486	4,492	0.1	0.6
Supermarkets and grocery stores	4,118	4,085	4,162	4,122	4,134	0.3	0.4
All other food stores	349	353	362	364	358	-1.5	2.5
Drug and patent medicine stores	1,031	1,034	1,038	1,053	1,073	1.8	4.0
Clothing	1,032	1,052	1,075	1,053	1,067	1.3	3.4
Shoe stores	132	146	149	146	142	-3.1	6.9
Men's clothing stores	131	128	133	130	129	-1.0	-1.7
Women's clothing stores	330	340	341	345	342	-0.7	3.8
Other clothing stores	439	438	453	432	454	5.2	3.5
Furniture	881	914	909	932	921	-1.2	4.6
Household furniture and appliance stores	684	713	701	731	717	-2.0	4.8
Household furnishings stores	197	201	208	201	204	1.7	4.0
Automotive	6,429	6,701	6,839	7,020	7,027	0.1	9.3
Motor vehicle and recreational vehicle dealers	4,177	4,345	4,453	4,636	4,629	-0.1	10.8
Gasoline service stations	1,278	1,311	1,348	1,342	1,370	2.1	7.2
Automotive parts, accessories and services	974	1,045	1,038	1,043	1,027	-1.5	5.5
General merchandise stores	1,914	1,992	2,013	2,047	2,019	-1.4	5.5
Retail stores not elsewhere classified	1,937	1,962	1,930	1,920	1,851	-3.6	-4.4
Other semi-durable goods stores	573	642	624	627	625	-0.4	9.1
Other durable goods stores	441	477	470	473	465	-1.6	5.5
All other retail stores not elsewhere classified	924	843	837	821	761	-7.2	-17.5
Total, retail sales	17,691	18,093	18,328	18,512	18,450	-0.3	4.3
Total excluding motor vehicle and recreational vehicle dealers	13,514	13,748	13,875	13,876	13,821	-0.4	2.3
Department store type merchandise	5,871	6,111	6,128	6,185	6,169	-0.3	5.1
Newfoundland	282	276	288	290	294	1.6	4.3
Prince Edward Island	79	79	81	79	82	3.1	3.4
Nova Scotia	537	554	580	584	586	0.3	9.1
New Brunswick	439	446	449	443	449	1.3	2.1
Quebec	4,189	4,372	4,480	4,417	4,415	0.0	5.4
Ontario	6,485	6,563	6,513	6,647	6,707	0.9	3.4
Manitoba	612	664	670	670	654	-2.3	6.9
Saskatchewan	564	592	605	624	624	-0.1	10.5
Alberta	1,867	1,943	1,985	2,002	2,023	1.1	8.3
British Columbia	2,576	2,540	2,612	2,693	2,551	-5.3	-1.0
Yukon	21	23	24	24	25	3.1	18.4
Northwest Territories	38	39	40	39	40	2.0	5.3

^r Revised figures.

^p Preliminary figures.

Retail sales

	Dec. 1995	Nov. 1996 ^r	Dec. 1996 ^p	Dec. 1995 to Dec. 1996
	unadjusted			
	\$ millions			% change
Food	4,940	4,507	4,684	-5.2
Supermarkets and grocery stores	4,513	4,161	4,267	-5.4
All other food stores	427	346	417	-2.4
Drug and patent medicine stores	1,276	1,055	1,313	2.9
Clothing	1,784	1,228	1,761	-1.3
Shoe stores	180	180	179	-0.4
Men's clothing stores	279	162	259	-7.4
Women's clothing stores	561	381	554	-1.3
Other clothing stores	764	504	769	0.7
Furniture	1,249	1,037	1,297	3.8
Household furniture and appliance stores	1,004	809	1,041	3.7
Household furnishings stores	245	227	256	4.3
Automotive	5,664	6,785	6,281	10.9
Motor vehicle and recreational vehicle dealers	3,350	4,290	3,832	14.4
Gasoline service stations	1,261	1,308	1,339	6.2
Automotive parts, accessories and services	1,054	1,187	1,110	5.3
General merchandise stores	3,296	2,590	3,363	2.0
Retail stores not elsewhere classified	3,177	1,997	2,927	-7.8
Other semi-durable goods stores	901	673	942	4.6
Other durable goods stores	851	481	865	1.7
All other retail stores not elsewhere classified	1,424	843	1,120	-21.4
Total, retail sales	21,386	19,198	21,625	1.1
Total excluding motor vehicle and recreational vehicle dealers	18,037	14,909	17,793	-1.4
Department store type merchandise	9,358	7,063	9,541	2.0
Newfoundland	354	313	358	0.9
Prince Edward Island	94	81	96	1.8
Nova Scotia	660	613	700	6.0
New Brunswick	531	471	523	-1.5
Quebec	4,760	4,561	4,833	1.5
Ontario	8,036	6,976	8,080	0.5
Manitoba	767	702	790	2.9
Saskatchewan	686	656	733	7.0
Alberta	2,297	2,064	2,430	5.8
British Columbia	3,133	2,699	3,011	-3.9
Yukon	22	22	26	14.1
Northwest Territories	46	38	46	0.5

^r Revised figures.

^p Preliminary figures.

Retail sales

	1992	1993	1994	1995	1996	1995 to 1996
	\$ millions					% change
Newfoundland	3,359	3,328	3,409	3,478	3,436	-1.21
Prince Edward Island	798	846	868	910	956	5.05
Nova Scotia	6,110	6,372	6,464	6,351	6,789	6.90
New Brunswick	4,763	4,961	4,932	5,083	5,355	5.35
Quebec	45,078	47,299	50,364	49,598	51,546	3.93
Ontario	68,704	71,290	76,044	78,425	78,428	0.00
Manitoba	6,393	6,666	6,949	7,339	7,784	6.06
Saskatchewan	5,379	5,739	6,267	6,598	7,125	7.99
Alberta	19,440	20,351	21,855	22,196	23,178	4.42
British Columbia	24,433	26,348	29,032	30,855	31,280	1.38
Yukon	199	205	212	239	271	13.39
Northwest Territories	391	405	443	450	476	5.78

Retail sales

	1992	1993	1994	1995	1996	1995 to 1996
	\$ millions					% change
Food	48,556	51,077	53,471	54,010	53,051	-1.78
Drug	10,722	11,889	12,036	11,944	12,547	5.05
Clothing	10,749	11,436	12,246	12,716	12,601	-0.90
Furniture	9,832	10,631	10,960	10,841	10,691	-1.38
Automotive	62,957	66,482	73,158	75,548	80,464	6.51
General merchandise	20,860	20,495	21,531	22,665	23,799	5.00
Other	21,373	21,799	23,437	23,800	23,471	-1.38
Total, all stores	185,049	193,808	206,837	211,522	216,624	2.41

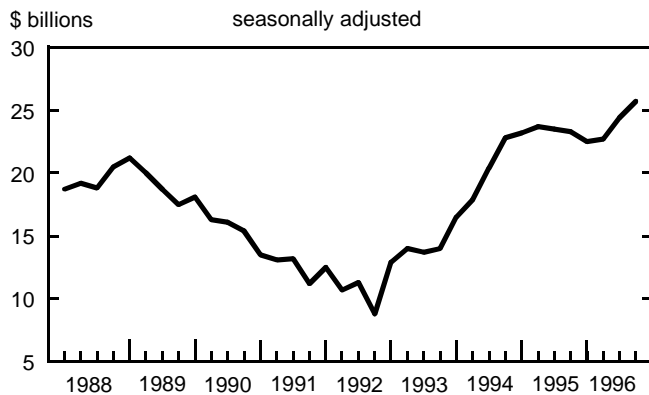
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Financial statistics for enterprises

1996 and fourth quarter 1996

Canadian corporations posted their second consecutive increase in operating profits, following several quarters of little change. Profits rose 5.7% in the fourth quarter of 1996, following a 7.4% profit jump in the third quarter. With this recent resurgence, quarterly operating profits reached a record high of \$25.7 billion. Overall, two-thirds of the industry groups registered stronger profits in the quarter, but the bulk of the gain was concentrated in the financial sector. Chartered banks and life insurers spearheaded an 18.9% surge in financial sector profits. On the other hand, faltering profits in wood and paper, and motor vehicles and accessories offset gains in the energy sector, resulting in little overall change in the non-financial industries.

Operating profits rose in the fourth quarter



Mixed results from the non-financial sector

Following double-digit profit growth last quarter, the non-financial industries maintained little upward momentum in the fourth quarter. While the majority of industries reported higher profits, slumping profits in wood and paper, motor vehicles and accessories, and electronic equipment essentially eliminated any growth.

The petroleum and natural gas industry profits jumped 42.6% to a record \$4.3 billion in the fourth quarter. Companies involved in the extraction and sale of crude petroleum benefited from rising prices throughout all of 1996. As reported in the November crude oil and natural gas statistics (released on January 30, 1997), demand from U.S. refineries was strong, as lean inventories, lower U.S. production and less reliance on Persian Gulf suppliers created a solid U.S. market for Canadian crude oil. The marketing and

refining component of the industry also fared well in the quarter. Persistent price wars in the third quarter did not carry over into the fourth, allowing margins to recover. Sales of refined petroleum products increased in the fourth quarter, as unusually cold weather in October and November bolstered sales of light fuel oil. Diesel fuel oil sales were also stronger, reflecting higher demand by the transportation and crude oil and natural gas extraction industries.

The motor vehicles, parts and accessories industry profits declined by almost half to \$1.1 billion in the fourth quarter. Operating revenue declined 6.2%, partly due to the effects of the October strike at General Motors.

Profits in the wood and paper industry fell back to \$0.9 billion in the fourth quarter. Profits had doubled to \$1.7 billion in the previous quarter, but any upward momentum was lost by year-end. Wood and paper profits peaked at \$3.2 billion in the third quarter of 1995. Newsprint producers reported stagnant domestic and export markets. Soft demand for both newsprint and pulp led to high inventory levels and the lowest commodity prices in years. Several companies announced extended plant shutdowns in the quarter to combat oversupply. By year-end, several producers were reporting some success in paring down inventories and were predicting price hikes for 1997. The wood sector somewhat offset the dismal results in pulp and paper. The Canadian housing industry generated solid demand for wood products, as housing starts accelerated in the fourth quarter. Residential building permits continued to rise, which bodes well for the wood industry in 1997. Strong demand from the United States for Canadian wood products carried into the fourth quarter, although softwood exports are now limited by the Canada-United States Softwood Lumber Agreement.

Volatility in the electronic equipment and computer services industry continued in the fourth quarter. Following a leap to \$1.0 billion last quarter, profits returned to \$0.5 billion in the fourth quarter, just ahead of the profit levels posted earlier in the year. Operating revenue remained unchanged at \$13.2 billion.

Life insurers and banks led financial sector growth

Virtually all components of the financial sector improved their profitability in the fourth quarter. With life insurers and chartered banks registering the most noteworthy gains, financial sector profits improved 18.9% to \$6.8 billion in the quarter.

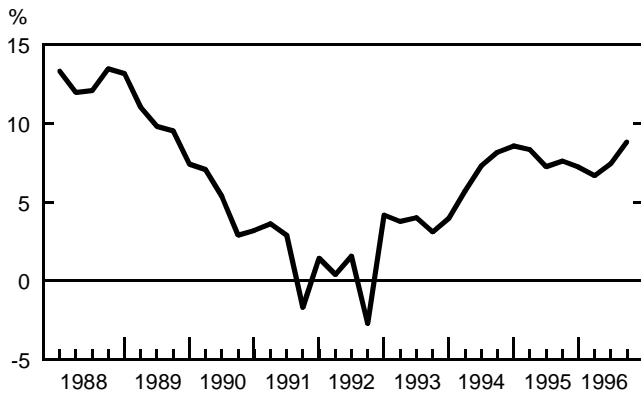
Life insurers' profits swelled to \$1.1 billion in the fourth quarter, from \$0.6 billion in each of the two preceding quarters. Higher premiums and annuity considerations contributed to the improved results.

The chartered banks (booked in Canada) increased their profits 12.3% to \$3.3 billion in the fourth quarter, following two quarters of little change. Lower interest costs on deposits and a smaller loan loss provision boosted operating profits in the quarter.

Profit gains lifted return on equity

The return on equity for all corporations rose to 8.8% in the fourth quarter, from 7.5% and 6.7% in the two previous quarters. With these gains, this profitability indicator was at its strongest in seven years. In the fourth quarter, after-tax profits jumped 19.2%, while total equity increased marginally.

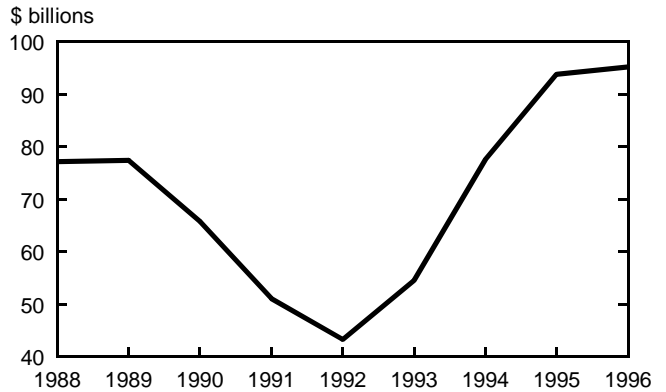
Return on equity highest in seven years



Annual profits edged up to record level

Operating profits for 1996 rose to a record \$95.3 billion from \$93.8 billion in 1995. This was the fourth consecutive annual increase in profits, but the rate of growth slowed considerably. Profits were down marginally in the first quarter, but picked up steam in the latter two quarters to reach historically high levels. Industrial performance was mixed, as only half of the industry groups posted higher 1996 profits. Much of the recovery of the past three years originated in the export-based industries. As reported in the December Industrial Product Price Index (released on January 29, 1997), the average value of the U.S. dollar against the Canadian dollar fell 0.8% in 1996. This reduces the value of exports quoted in U.S. currency and can translate into lower profits for exporters, such as wood and paper producers.

Annual operating profits edged up to record levels



The chartered banks earned substantially more profits in 1996, as operating profits climbed to \$11.9 billion from \$7.8 billion in 1995. Higher underwriting fees and securities commissions, lower interest payments, and reduced loan loss provisions helped lift profits to record levels in 1996.

The petroleum and natural gas industry enjoyed a 31.6% growth in 1996 profits, earning \$13.6 billion for the year. Canadian exports to the United States have benefited from improving economic conditions and low U.S. reserves, partly due to curtailed U.S. domestic production. Commodity prices were generally up in 1996, in response to strong domestic and export markets. Domestic demand for heating fuel was spurred by unusually cold weather in parts of the country.

The wood and paper industry was the big loser in 1996. Operating profits tumbled to \$4.6 billion from \$10.8 billion in 1995. Prices for newsprint sagged throughout 1996, as demand tailed off. Record high prices in 1995 forced newsprint users to find ways to reduce consumption, resulting in lower newsprint requirements in 1996. The pulp sector suffered from a sizeable inventory buildup in 1996, which contributed to a dramatic slide in pulp prices. The wood industry fared a little better in the year, as thriving demand for lumber in the U.S. and Canadian housing markets elevated the price of wood products. The Canada–United States Softwood Trade Agreement established export limits during the year, but also created upward pressure on softwood lumber prices.

Financial ratios

	Fourth quarter 1995	Third quarter 1996	Fourth quarter 1996
All industries			
Profit margin (%)	6.76	6.78	7.16
Return on equity (%)	7.62	7.46	8.84
Debt to equity (ratio)	1.094	1.077	1.077
Non-financial industries			
Working capital (ratio)	1.260	1.276	1.282
Inventory turnover (ratio)	8.702	8.818	8.690
Receivables turnover (ratio)	8.438	8.563	8.417

Available on CANSIM: matrices 3914-3971 and 3974-3981.

The fourth quarter 1996 issue of *Quarterly financial statistics for enterprises* (61-008-XPB, \$23/\$92) will be available in March. See *How to order publications*.

For further information on non-financial industries data, contact Bill Potter (613-951-2662) or Joe Wilkinson (613-951-2663). For further information on financial industries data, contact Robert Moreau (613-951-2512), Industrial Organization and Finance Division.

Income statement

	Fourth quarter 1995	Third quarter 1996	Fourth quarter 1996	Third to fourth quarter 1996	1995	1996
	seasonally adjusted					
	\$ billions		% change		\$ billions	
All industries						
Operating revenue	345.0	359.2	359.7	0.1	1,376.0	1,425.1
Operating expenses	321.7	334.8	334.0	-0.3	1,282.2	1,329.8
Operating profit	23.3	24.4	25.7	5.7	93.8	95.3
Net profit	10.0	10.4	12.3	18.8	39.9	41.6



An overview of permanent layoffs

Contrary to popular perception, the number of permanent layoffs is substantial every year, even during economic expansions. What's more, it is not large firms that are doing most of the permanent laying off, but small companies.

Over all phases of recent business cycles, the number of permanent layoffs has remained relatively high. It varied from 1.20 million in 1982 — at the worst of that recession, to 1.14 million in 1989 at the height of the expansion, to 1.28 million in 1991, the middle of the last recession. The permanent layoff rate does decline during expansions, but not dramatically. It ranged from 8.7% in 1982, to 6.2% in 1989 and 7.6% in 1991.

The business cycle is also involved, of course, but to a lesser extent than believed. Increases in permanent layoffs are not a defining feature of recessions. In fact, among the four ways that workforce levels adjust to changing demand (temporary layoffs, permanent layoffs, hirings, quits), permanent layoffs are the least sensitive to the business cycle.

A complex and ongoing process

Many processes cause permanent layoffs. For example, individuals looking for jobs and employers seeking workers can result in mismatches. Workers end mismatches by quitting; employers may turn to permanent layoffs. Mismatches occur in recessions and expansions, but may be more common during good times as hiring increases.

As well, some firms succeed more than others at increasing market share. At firms losing market share, permanent layoffs occur even if the total employment and the overall demand for labour in the overall market or industry are on the rise. This process is a major cause of permanent layoffs.

As the structure of the economy changes, some industries and sectors experience long-term decline in demand for their products and services. As a result, some workers will be permanently laid off even when the overall economy is recovering and expanding (e.g., workers in the goods-producing sector in the 1980s and 1990s).

Permanent layoffs are not necessarily concentrated in declining industries, however. Some declining industries have the lowest permanent layoff rates, while some expanding ones have the highest. For example, in 1988, the highest permanent layoff rate was in the construction industry, where the rate of employment growth (+7.8) was among the highest that year.

In fact, during any recent given year, an industry's employment growth rate has shown little association

with its permanent layoff rate. Other characteristics of an industry — such as its quit rate and the volatility of employment at the company level — as well as what happens in particular companies are more strongly correlated with how many people ended up getting laid off permanently.

Employees at small firms face a greater risk

During any year, small firms are where most hiring is concentrated. It is also true that employees at small firms face a risk two and a half times greater of being permanently laid off than do employees at large firms.

Each year, whether in recession or expansion, Canadians are confronted with a large number of permanent layoffs — more than one million. In other words, approximately 7.5% of the labour force has been permanently laid off in any given year during the 1990s. Though high, this rate was no higher during the recent recession than it was during the recession of the early 1980s.

Permanent layoffs are concentrated among medium-sized and small firms. Small firms (less than 20 employees) accounted for 23% of employment in 1993, but almost half (49%) of permanent layoffs. By contrast, large firms (500 or more employees) had 45% of employment, but made only 14% of the permanent layoffs that year.

Employment is more volatile among small firms. Small firms form a less stable sector, and they are much more likely than large firms to disappear and be replaced. This "creative destruction" of companies is an ongoing dynamic of any market economy.

In particular, in 1993, the decline and disappearance of large companies resulted in a 6% loss of jobs in that sector. Those job losses were partially offset by a 4% gain in the number of jobs at expanding large companies. Among small firms, by contrast, the job loss from declines and disappearances was 21% — more than three times greater. Although this was offset by a 20% gain in jobs at new or expanding small firms, the substantial number of jobs lost did translate into many permanent layoffs over the course of the year.

It is no surprise then that permanent layoffs are much more likely to happen at small firms in any given year. For example, in 1993, about 1 in 8 employees at small firms were permanently laid off, compared with only 1 in 35 at large firms. Compared with employees at large firms, the average worker at a small firm was younger, had less education and less experience, and was less likely to be a union member — all characteristics associated with a higher risk of permanent layoff. But these characteristics do not

account for that higher risk; firm size transcends them all.

The difference in permanent layoff rates between large and small firms has shown little change over recent business cycles. During the 1980s and 1990s, the likelihood of being permanently laid off from a large firm — even during a severe recession — did not approach the probability of being laid off from a small firm during the best of economic times.

This research uses a new longitudinal data source on the separations of workers to determine the underlying causes of most permanent layoffs. The

permanent layoff rate is calculated as the number of permanent layoffs divided by the total number of persons employed at any given time during the year.

The full text of this study is presented as a feature article entitled "An overview of permanent layoffs" in the February 1997 issue of *Canadian economic observer* (11-010-XPB, \$22/\$220), which is now available. See *How to order publications*.

For further information on this release, contact Garnett Picot (613-951-8214), Business and Labour Market Analysis Division. ■

OTHER RELEASES

Police personnel and expenditures in Canada

1995 and 1996

In 1996, there were 54,311 police officers in Canada — a 1.3% drop from 1995. The number of police per 100,000 population (181) decreased for the fifth consecutive year in 1996, to its lowest level in over 25 years. Police strength increased steadily during the 1960s and early 1970s, peaking in 1975. Between 1975 and 1991, police strength remained relatively stable.

Manitoba had the most officers per 100,000 population (194) in 1996, followed by Quebec (187) and Saskatchewan (187). Newfoundland (146) and Prince Edward Island (149) had the fewest.

Police officers in census metropolitan areas¹ 1996

	Police officers	Police officers per 100,000 population ²
Thunder Bay	250	192.3
Saint John	228	176.2
Winnipeg	1,183	173.9
Montreal	5,791	172.1
Windsor	505	171.7
Regina	342	171.6
Halifax	565	164.2
Saskatoon	353	157.9
Toronto	6,929	157.1
Trois-Rivières	221	155.6
Edmonton	1,318	148.0
St. John's	255	145.5
Hull	373	144.5
Victoria	452	143.4
Vancouver	2,594	137.7
Calgary	1,157	135.5
Hamilton	881	134.0
Québec	927	132.6
Sudbury	216	129.6
Sherbrooke	192	128.9
St. Catharines-Niagara ³	542	128.3
London	532	126.5
Ottawa	975	124.8
Kitchener-Waterloo ³	508	119.0
Chicoutimi-Jonquière	196	116.8

¹ The CMA of Oshawa is not included due to methodological concerns.

² Populations represent July 1st preliminary postcensal CMA estimates for 1996.

³ Populations are adjusted to follow policing boundaries.

Women were increasingly represented among police officers. The proportion of female officers has been increasing steadily since 1974, with females now accounting for 1 in 10 officers.

Expenditures on policing account for almost 60% of total justice costs. Policing costs have remained relatively constant over the last three years, after increasing an average of 7% annually between 1985 and 1992. The \$5.81 billion spent in 1995 represented a cost of \$196 per Canadian.

Available on CANSIM: matrix 301 and tables 00130101 and 00130102.

Police personnel and expenditures in Canada, 1995 and 1996 (85F0019XPE, \$30) is now available. See *How to order publications*.

For further information on this release, contact Information and Client Services (613-951-9023; 1 800 387-2231), Canadian Centre for Justice Statistics. ■

Selected police administration characteristics of municipal police departments

1995

This report summarizes police personnel and expenditures for each municipal police force in Canada for 1995. It allows the reader to compare policing in municipalities by key ratios, such as the number of police per 10,000 population, per capita cost, and the number of Criminal Code incidents per officer.

Selected police administration characteristics of municipal police departments, 1995 (85F0016XPB, \$30) is now available. See *How to order publications*.

For further information on this release, contact Information and Client Services (613-951-9023; 1 800 387-2231), Canadian Centre for Justice Statistics. ■

Steel primary forms

Week ending February 15, 1997 (preliminary)

Steel primary forms production for the week ending February 15 totalled 280 976 tonnes, up 1.0% from the week-earlier 278 186 tonnes and up 2.7% from the year-earlier 273 679 tonnes.

The cumulative total at the end of the week was 1 768 641 tonnes, a 1.6% increase from 1 740 585 tonnes for the same period in 1996.

For further information on this release, contact Greg Milsom (613-951-9827; Internet: milsomg@statcan.ca), Industry Division. ■

Construction type plywood

December 1996

Firms produced 139 689 cubic metres of construction type plywood in December, a 2.7% decrease from 143 670 cubic metres produced in December 1995.

From January to December 1996, production totalled 1 814 103 cubic metres, a 0.9% decrease from 1 831 335 cubic metres produced during the same period in 1995.

Available on CANSIM: matrix 122 (level 1).

The December 1996 issue of the *Construction type plywood* (35-001-XPB, \$6/\$60) will be available shortly. See *How to order publications*.

For further information on this release, contact Ted Brown (604-666-3694), Pacific Region. ■

Telephone statistics

December 1996

The 15 major telephone systems reported monthly revenues of \$1,390.0 million in December, up 2.9% from November.

Operating expenses were \$1,144.2 million, up 10.4% from the previous month. Net operating revenue totalled \$245.8 million, a 22.0% decrease from the previous month.

Available on CANSIM: matrix 355.

The December 1996 issue of *Telephone statistics* (56-002-XPB, \$9/\$90) will be released shortly. See *How to order publications*.

For further information on this release, contact George Sciadas (613-951-3177), Science and Technology Redesign Project. ■

Air passenger origin and destination for trips between Canada and the United States

First quarter 1996 (preliminary)

Air passenger origin and destination data are now available for the first quarter of 1996. The data represent passengers who travelled on scheduled flights between Canada and the United States.

For further information, contact Carol Gudz (819-997-1386), Aviation Statistics Centre, Transportation Division. ■

PUBLICATIONS RELEASED

Canadian economic observer, February 1997
Catalogue number 11-010-XPB
(Canada: \$22/\$220; United States: US\$27/US\$264;
other countries: US\$31/US\$308).

Monthly survey of manufacturing, December 1996
Catalogue number 31-001-XPB
(Canada: \$19/\$190; United States: US\$23/US\$228;
other countries: US\$27/US\$266).

The consumer price index, January 1997
Catalogue number 62-001-XPB
(Canada: \$10/\$100; United States: US\$12/US\$120;
other countries: US\$14/US\$140).
**Publication and release available at 7:00 a.m. on
Friday, February 21. For release, see the Internet
(www.statcan.ca).**

**Selected police administration characteristics of
municipal police departments**, 1995
Catalogue number 85F0016XPB
(Canada: \$30; United States: US\$36; other countries:
US\$42).

Police personnel expenditures in Canada, 1995
and 1996
Catalogue number 85F0019XPE
(Canada: \$30; United States: US\$36; other countries:
US\$42).

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