



The Daily

Statistics Canada

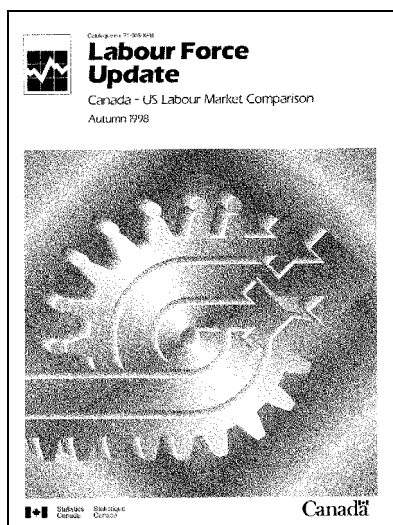
Tuesday, November 24, 1998

For release at 8:30 a.m.

MAJOR RELEASES

- **Canada's international transactions in securities, September 1998** 3
Foreign investors moved \$6.3 billion out of Canadian securities in September, selling large amounts of bonds and stocks in the process. In addition, Canadian investors acquired \$2.1 billion of foreign securities, with a record purchase of foreign bonds.
- **Labour force update: Canada-U.S. labour market comparison, 1989 to 1997** 5
Since 1989, employment growth in the United States has outpaced gains in Canada, while the type of employment created by each country has been vastly different. While most of the growth occurred among full-time employees in the United States, self-employment has been the engine of growth in Canada.

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Labour force update: Canada-U.S. labour market comparison Autumn 1998

The Autumn 1998 *Labour force update*, released today, compares labour market trends in Canada and the United States over the last two decades. This report examines trends in employment, labour force participation and unemployment rates and includes a regional perspective. Survey measurement differences between Canadian and U.S. unemployment rates are also examined.

Each quarter, *Labour force update* features the latest information and relevant trends relating to a particular labour market issue. Informative commentary, charts and analytical tables provide concise and up-to-date information and are a useful starting point for further research.

The Autumn 1998 issue of *Labour force update* (71-005-XPB, \$29/\$96) is now available. See *How to order publications*. You can also visit "In depth" on the Internet (www.statcan.ca).

For further information, contact Jeannine Usalcas (613- 951-4720), Household Surveys Division.



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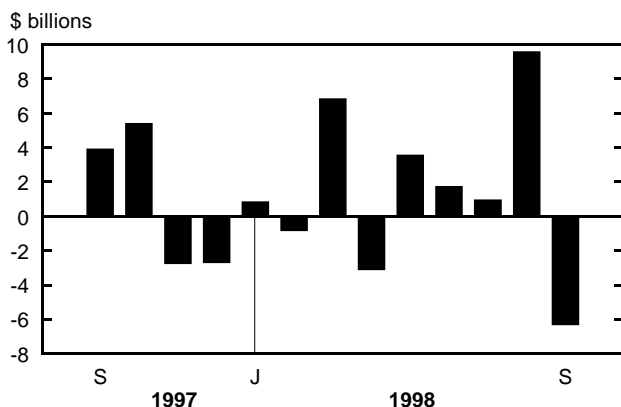
MAJOR RELEASES

Canada's international transactions in securities

September 1998

Foreign investors moved \$6.3 billion out of Canadian securities in September, selling large amounts of bonds and stocks in the process. In addition, Canadian investors acquired \$2.1 billion of foreign securities, with a record purchase of foreign bonds.

Foreign investment in Canadian securities*



* Includes bonds, stocks and money market paper.

Foreign investors unloaded Canadian bonds and stocks but acquired money market paper

Foreign investors reduced their holdings of Canadian bonds by a large \$5.4 billion in September, matching the record set in April 1998. This disinvestment was widespread geographically. Underlying the reductions were a two and half year low of new issues in foreign markets (\$1.4 billion); significant retirements of \$5.0 billion (second only to the record \$6.1 billion set in July 1997); and foreign sales (\$1.6 billion) of outstanding federal bonds. This brought to \$6.1 billion the net secondary market selling, of mainly federal issues, in the past three months.

Foreigners sold off a record \$2.9 billion of Canadian stocks in September, compared with \$2.2 billion in August. However, secondary market sales in August were overshadowed by a \$10 billion investment in newly issued shares of a Canadian company, as part of the takeover of a major U.S. firm in the high technology industry. September equity sales continued to come

Related market information

Interest rates

After favouring investment in the United States for the past year and a half, the differential between Canadian and U.S. short-term rates shifted marginally in favour of Canada in September. The differential on long-term rates remained in favour of Canada for the second consecutive month after almost a year favouring investment in the United States.

Stock prices

Canadian stock prices (as measured by the TSE 300 composite index) staged a small comeback in September regaining 1.5% of the near 29% lost since April of this year. U.S. stock prices (as measured by the Standard and Poor's 500 index) also rebounded, gaining 6.2% after declining 14% since April 1998.

Canadian dollar

In September, the Canadian dollar rebounded with a gain of US1.55 cents or 2.43% in terms of the U.S. dollar. This occurred after losing US6.67 or nearly 9% of its value since March 1998.

mainly from U.S. investors. Canadian stock prices (as measured by the TSE 300 composite index) rebounded with a small 1.5% gain in September after losing nearly 29% of their value since April 1998.

Non-residents acquired a further \$2.1 billion of Canadian short-term paper in September, bringing to \$3.9 billion their investment in the past two months. September's investment was made up of purchases of federal treasury bills (\$3.4 billion) and sales of corporate paper (\$1.3 billion). U.S. investors accounted for the bulk of the buying in the two latest months. After favouring investment in the United States for the past year and a half, the differential between Canadian and U.S. short-term rates shifted marginally in favour of Canada in September.

Canadians bought record amounts of foreign bonds

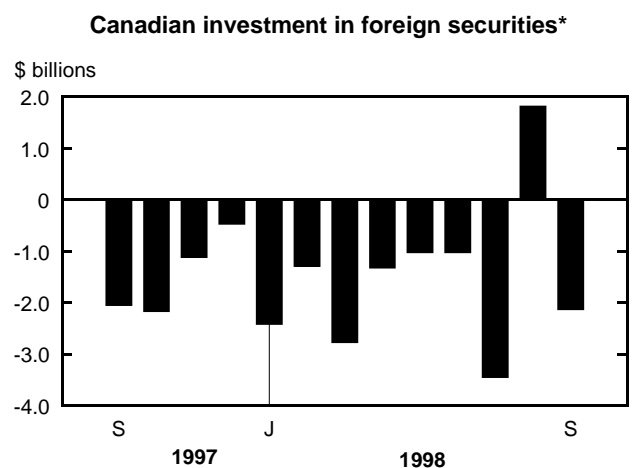
Canadian investors renewed their demand for foreign securities in September. Investors bought a record \$2.4 billion of foreign bonds, consisting of U.S. treasury securities (\$1.9 billion) and U.S. corporate and overseas bonds. This contrasted with a similar reduction in holdings of foreign bonds in August. Meanwhile, sales of foreign equities in September largely offset the small purchases in August. Since October 1997, residents have accumulated an

additional \$13 billion of foreign stocks, two-thirds of which were shares of U.S. corporations.

Available on CANSIM: matrices 2328-2330, 2378-2380 and 4195.

The September 1998 issue of *Canada's international transactions in securities* (67-002-XPB, \$18/\$176) will be available in December. See *How to order publications*.

For further information, or to enquire about the concepts, methods and data quality of this release, contact Don Granger (613-951-1864), Balance of Payments and Financial Flows Division.



* Includes bonds and stocks.

Canada's international transactions in securities

	June 1998	July 1998	Aug. 1998	Sept. 1998	Jan. to Sept. 1997	Jan. to Sept. 1998
\$ millions						
Foreign investment in Canadian securities, total	1,706	905	9,537	-6,275	18,754	13,128
Bonds (net)	4,190	2,788	-268	-5,427	16,905	4,483
Outstanding	1,529	-2,174	-2,341	-1,583	4,810	-9,011
New Issues	4,656	6,695	2,953	1,441	31,643	36,824
Retirements	-1,306	-1,676	-1,385	-4,967	-19,767	-23,706
Change in interest payable ¹	-689	-56	505	-317	220	377
Money market paper (net)	-2,419	-1,859	1,842	2,085	-1,955	-2,295
Government of Canada	-530	-1,754	1,903	1,937	-3,997	-1,380
Other paper	-1,889	-105	-61	148	2,042	-916
Stocks (net)	-65	-25	7,963	-2,934	3,803	10,940
Outstanding (net)	-289	-918	-2,189	-2,957	1,548	-2,158
New Issues (net)	224	893	10,152	23	2,256	13,098
Canadian investment in foreign securities, total	-1,014	-3,439	1,806	-2,125	-7,460	-13,562
Bonds (net)	447	-980	2,004	-2,416	-4,853	-2,793
Stocks (net)	-1,461	-2,459	-198	291	-2,606	-10,768

¹ Interest accrued less interest paid

Note: A minus sign (-) indicates an outflow of money from Canada; i.e., a withdrawal of foreign investment from Canada or an increase in Canadian investment abroad.

Labour force update: Canada-U.S. labour market comparison

1989 to 1997

Since 1989, employment growth in the United States has outpaced gains in Canada, while the type of employment created by each country has been vastly different. While most of the growth occurred among full-time employees in the United States, self-employment has been the engine of growth in Canada.

Since the recession of the early 1990s, the pace of employment growth has been stronger south of the border. Between 1989 and 1997, employment increased 10.4% in the United States, compared with only 6.5% in Canada. The type of employment created during this nine-year period has been quite different in the two countries.

In Canada, self-employment has been the engine of growth, accounting for 80% of the overall employment increase. In the United States, self-employment accounted for only 10% of job creation between 1989 and 1997. The reasons for this stark difference are not well understood, but may reflect differences in tax policy, and higher payroll taxes and unemployment rates in Canada.

Growth over the 1990s

	Canada		United States	
	1989	1997	1989	1997
Total employment ('000)	13,086	13,941	117,342	129,559
Self-employment ('000)	1,809	2,488	13,862	15,025
% of total employment	14	18	12	12
Part-time employees ('000)	2,286	2,690	17,327	19,816
% of total employment	18	19	15	15
Full-time employees ('000)	8,991	8,763	86,153	94,718
% of total employment	69	63	73	73

Note: The definition of self-employment is based on the Canadian definition including incorporated, unincorporated and unpaid family members, while the part- and full-time definition is American based (less than 35 hours per week and 35 or more hours per week, respectively).

Source: Labour Force Survey, Current Population Survey.

By 1997, self-employment accounted for 18% of total employment in Canada, compared with only 12% in the United States. In addition, part-time employees represented almost one-fifth (19%) of all employees in Canada in 1997, compared with only 15% south of the border.

In Canada, gains in paid employment have come exclusively from a net increase in part-time work. In fact, the number of full-time employees declined during the 1990s. Since work hours are an important factor in annual earnings, this trend undoubtedly contributed to

Note to readers

This report is based on the analytical publication Labour force update, which compares labour market trends in Canada and the United States over the last two decades.

For Canada, this publication drew heavily on data from the Labour Force Survey. Statistics on employment and unemployment in the United States were compiled by the U.S. Bureau of Labor Statistics (BLS) using data from the Current Population Survey. This monthly survey of households is conducted for the BLS by the Bureau of the Census and is very similar in content and methodology to the Labour Force Survey.

the fact that average annual earnings in Canada were only marginally higher in 1996 than they were in 1989.

In the United States, part-time paid employment has contributed only 20% of the net employment growth since 1989. In contrast to Canada, where full-time paid jobs declined, 70% of net job creation in the United States has come in the form of full-time paid employment.

Contribution to growth over the 1990s 1989 to 1997

	Canada	US
	% increase	
Total employment growth	6.5	10.4
	%	
% share of total growth from:		
Self-employment	79.4	9.5
Part-time	47.8	6.2
Full-time	31.8	3.3
Employees	20.6	90.5
Part-time	47.3	20.4
Full-time	-26.7	70.1

Note: The definition of self-employment is based on the Canadian definition including incorporated, unincorporated and unpaid family members, while the part- and full-time definition is American based - less than 35 hours per week and 35 or more hours per week, respectively.

Source: Labour Force Survey, Current Population Survey.

Notable differences in employment trends by industry and occupation

Since the recession of the early 1990s, employment in retail and wholesale trade has made more of a recovery in the United States than in Canada. Employment in the U.S. retail and wholesale trade industry in 1997 was 11% higher than it had been in 1989, prior to the recession. In Canada, trade employment was just 4% higher in 1997.

In Canada, significant cutbacks left employment in public administration 10% lower in 1997 than it was in

1989. In contrast, there was moderate job growth of 3% over the same period in the United States.

Employment in Canada's construction industry was lower in 1997 than it was in 1989 (-8%), while in the United States, there were more people working in construction over the period (+8%).

High-skill occupations grew strongly on both sides of the border during the 1990s. In Canada between 1989 and 1997, the number of people employed in white collar occupations (managerial, professional and technical) increased 22%. This was close to the 24% growth in the same occupational group in the United States during the same period.

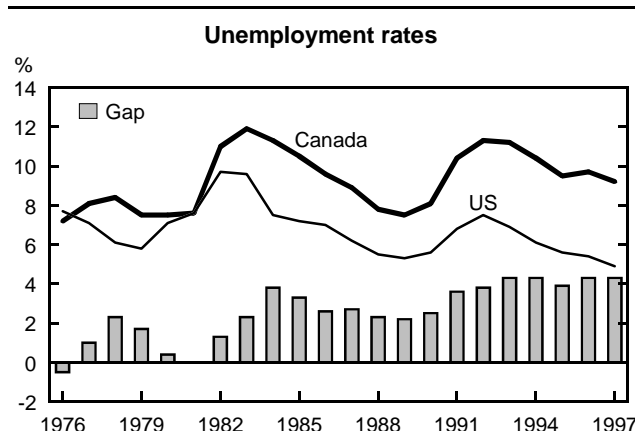
Contrary to the notion that the United States has been churning out only low-quality jobs over the 1990s, studies have shown that growth in industry and occupational groups that tend to pay high wages outnumbered growth in those associated with low earnings by two to one.

Gap in unemployment rate increasing

Prior to 1981, the unemployment rate in Canada was, on average, roughly the same as the American rate. Early in the 1980s, a sustained gap began to open, and throughout the decade, the Canadian rate was, on average, two points higher than the American rate.

In the 1990s, the gap widened further, rising to about four percentage points. According to the most recent data, the unemployment rate in the United States in October 1998 was 4.6%, compared with an eight-year low of 8.1% in Canada.

The gap between the rates is not just a result of how they are measured. Even if the Canadian unemployment rate were modified to better reflect American survey concepts and definitions, the gap would have been reduced by an average of only 0.7 percentage points during the 1990s. The reduction during the 1980s would have been even less (0.3 percentage points).



Sources: Labour Force Survey, Current Population Survey

This suggests that while differences in measuring unemployment play a role, other factors, such as the performance of the two economies and their labour markets, account for the majority of the gap and its growth over the past two decades. While many explanations have been developed for the gap, a definitive explanation has yet to emerge.

Some analysts believe that three factors must be taken into consideration: structural differences, differences in aggregate demand, and statistical measurement issues. Others attribute the unemployment rate gap that emerged in the 1980s as structural, induced by the more generous Employment Insurance program in Canada. Other explanations include the greater degree of unionization in Canada, differences in labour costs, and Canada's much higher immigration rate in the late 1980s and 1990s. The increase in the gap in the 1990s is thought by many to reflect relatively weak aggregate demand in Canada, with output lagging much farther behind potential here than in the United States.

Areas of chronic high unemployment in Canada have little effect on the U.S.-Canada unemployment rate gap since these areas contain only a small proportion of the national labour force. If the unemployment rates in the four Atlantic provinces were on par with the rest of the country, the national rate would have fallen only 0.5 percentage points (from 9.3% to 8.8% in 1997).

Demographic factors: Youths hit harder in Canada

The recession of the early 1980s hit youths hard in both countries. Unemployment rates for this group jumped to 19.7% in Canada and 17.8% in the United States. In the recovery, employment growth for

Canadian youths was strong, and their unemployment rate declined to 11.2% by 1989, just above the U.S. youth rate of 10.9%.

Youth unemployment rates did not rise as much as in the early 1990s in either country as they had in the previous recession. However, for Canadian youths, the ill effects of the most recent recession lingered. In Canada, the youth unemployment rate in 1997 remained stubbornly high, at 16.7%, while for American youths, the rate declined to 11.3%.

For individuals in the core age group of 25 to 54, a sizeable gap in unemployment rates emerged in the early 1980s, and widened in the 1990s. The gap for older workers aged 55 to 64 followed a similar pattern to the core-age workers, emerging in the 1980s and widening in the 1990s.

Unemployment rate gaps 1997

	Age group	Men	Women
		%	
U.S. unemployment rate	Youths	11.8	10.7
Canadian unemployment rate		17.6	15.7
Gap (percentage points)		5.8	5.0
Gap (%)		49.2	46.7
U.S. unemployment rate	25-34	4.3	5.2
Canadian unemployment rate		9.4	8.7
Gap (percentage points)		5.1	3.5
Gap (%)		119.6	67.5
U.S. unemployment rate	35-44	3.6	4.0
Canadian unemployment rate		7.6	8.0
Gap (percentage points)		4.0	4.0
Gap (%)		111.1	100.0
U.S. unemployment rate	45-54	3.1	2.9
Canadian unemployment rate		6.5	6.8
Gap (percentage points)		3.4	3.9
Gap (%)		109.7	134.5
U.S. unemployment rate	55-64	3.1	2.7
Canadian unemployment rate		7.5	7.8
Gap (percentage points)		4.4	5.1
Gap (%)		140.4	190.6

Source: Labour Force Survey, Current Population Survey.

The gap in unemployment rates is proportionally larger as age increases. In 1997, the Canadian unemployment rate for male youths was 49% higher than the U.S. rate, while for men aged 55 to 64, the Canadian rate was 140% higher.

Among women, the Canadian youth unemployment rate in 1997 was 47% higher than the rate south of the border. Among women aged 55 to 64, the Canadian unemployment rate was almost triple the American rate (190%).

In terms of education, American adults with university degrees were much better at finding work than their Canadian counterparts in 1997. The unemployment rate for this group was only 2.0%, compared with 4.6% for Canadian university graduates.

The Autumn 1998 edition of *Labour force update* (71-005-XPB, \$29/\$96) is now available. See *How to order publications*. You can also visit "In depth" on the web site (www.statcan.ca).

For further information, or to enquire about the concepts, methods and data quality of this release, contact Deborah Sunter (613-951-4740), Household Surveys Division, or Dan Charrette (604-666-4842), British Columbia and the Yukon Regional Office. ■

OTHER RELEASES

Employment Insurance

September 1998 (preliminary)

The estimated number of Canadians who received regular Employment Insurance benefits in September remained virtually unchanged at 564,720. Reported increases in the number of beneficiaries in Alberta (+9.3%), Yukon (+6.3%) and Northwest Territories (+6.0%) were offset by decreases in Prince Edward Island (-4.1%), New Brunswick (-4.0%), Newfoundland (-3.8%). The number of beneficiaries in the other provinces remained relatively unchanged.

Regular benefit payments decreased (-9.9%) in September to \$648.4 million.

Number of beneficiaries receiving regular benefits

	Sept. 1998	Aug. to Sept. 1998
seasonally adjusted		
		% change
Canada	564,720	-0.1
Newfoundland	35,140	-3.8
Prince Edward Island	8,920	-4.1
Nova Scotia	30,860	-0.8
New Brunswick	36,500	-4.0
Quebec	193,030	-0.6
Ontario	123,580	-0.8
Manitoba	13,750	1.6
Saskatchewan	11,630	1.1
Alberta	33,950	9.3
British Columbia	69,820	-0.4
Yukon	1,370	6.3
Northwest Territories	1,260	6.0

Note: Statistics on Employment Insurance claims were not released in today's *Daily* because of administrative changes to claimant reporting procedure. The discrepancy between the estimated number of regular beneficiaries and regular payments series can be explained in part by differences in their reference periods. The number of beneficiaries is a measure of all persons who received Employment Insurance benefits for the week containing the 15th day of the month. The regular benefit payments series measures the total of all monies received by individuals for the entire month.

Employment Insurance statistics

	Aug. 1998	Sept. 1998	Aug. to Sept. 1998
seasonally adjusted			
			% change
Regular beneficiaries	565,060 ^P	564,720 ^P	-0.1
Regular payments (\$ millions)	720.0	648.4	-9.9
	Sept. 1997	Sept. 1998	Sept. 1997 to Sept. 1998
unadjusted			
			% change
All beneficiaries ('000)	586.6	559.6 ^P	-4.6
Regular beneficiaries ('000)	410.9	393.4 ^P	-4.3
Payments (\$ millions)	859.8	760.9	-11.5
Year-to-date (January to September)			
	1997	1998	1997 to 1998
			% change
Payments (\$ millions)	9,390.8	9,046.2	-3.7

^P Preliminary figures.

Note: All beneficiaries includes all claimants paid regular benefits (e.g., due to layoff) or special benefits (e.g., due to illness).

Available on CANSIM: matrices 26 (series 1.6), 5702-5717 and 5735-5736.

For further information, or to enquire about the concepts, methods and data quality of this release, Gilles Groleau (613-951-4090; 613-951-4087; labour@statcan.ca), Labour Division. ■

Job quality by size of firm

1986 to 1997

The research paper "Recent Canadian evidence on job quality by firm size", released today, explores changes in job quality over time by re-examining the extent to which large firms pay higher wages and offer more fringe benefits than small firms. The paper also documents how work schedules vary across firms of

PUBLICATIONS RELEASED

Telephone statistics, September 1998
Catalogue number 56-002-XIB
(Canada: \$8/\$70; outside Canada: US\$ 8/US\$70).

Imports by country, January-September 1998
Catalogue number 65-006-XMB
(Canada: \$62/\$206; outside Canada: US\$ 62/US\$206).

Imports by country, January-September 1998
Catalogue number 65-006-XPB
(Canada: \$124/\$412; outside Canada: US\$124/US\$412).

Labour force update: Canada - U.S. Labour market comparison, Autumn 1998
Catalogue number 71-005-XPB
(Canada: \$29/\$96; outside Canada: US\$ 29/US\$96).

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MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1995, each Canadian took an average of about 20 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4
Growth in productivity among Canadian businesses was relatively weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

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