



The Daily

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Releases

Study: Long-term productivity growth in Canada and the United States

1961 to 2006

Labour productivity in the business sector increased at virtually the same pace in Canada and the United States during the past 45 years, but for entirely different reasons, according to a new study.

In Canada, investment in capital was the most important factor in the growth of labour productivity. In the United States, however, the main factor was improvement in production efficiency.

From 1961 to 2006, labour productivity among businesses, one of the key indicators of an economy's health, increased at an annual average rate of 2.1% in Canada. In the United States, it rose at an annual average pace of 2.3%.

This study assessed the contribution of three main components of this growth in the two countries. These components were gains that originate from changes in capital intensity (the amount of capital per hour worked); gains from changes in labour composition (involving more highly educated or more experienced workers); and growth in multifactor productivity (MFP), which in general is everything that cannot be accounted for by labour and capital.

Labour productivity is a measure of real gross domestic product (GDP) per hour worked. Over time, it serves to improve the population's standard of living and business competitiveness.

Productivity gains are important because they are closely connected with changes in real wages over the long run.

Sources of growth: Investment in capital in Canada, technological progress in the United States

Increases in capital intensity were the most important factor in Canada's labour productivity growth during the 45-year period of this study. These gains accounted for about 60% of growth in labour productivity in Canada. (In 2006 alone, capital intensity accounted for all of the growth.)

MFP accounted for about 20% of the growth in Canada's labour productivity. MFP measures the efficiency with which capital and labour are used in production. Growth in this area is often associated with technological change, organizational change or economies of scale.

Note to readers

This release is based on the report "Long-term Productivity Growth in Canada and the United States, 1961 to 2006" and on multifactor productivity growth estimates in 2006 for the Canadian business sector and its major sub-sectors, released today.

This paper has two main objectives. First, it provides a comprehensive overview of trends in the labour productivity growth of the business sector in Canada and the United States from 1961 to 2006.

Second, it examines the contribution of investment in tangible assets, human capital and multifactor productivity growth to these trends in the two countries.

Multifactor productivity measures at Statistics Canada are derived from a growth accounting framework that allows analysts to isolate the effects on labour productivity growth of increases in capital intensity and skills upgrading.

The residual portion of labour productivity growth that is not accounted for by increased capital intensity and skills upgrading is called "growth in multifactor productivity." It measures the efficiency with which capital and labour are used in production. Growth in this area is often associated with technological change, organizational change or economies of scale.

The remainder, about 20%, came from changes in the composition of labour. A positive labour composition effect reflects the increase in the average educational attainment and experience levels of workers.

In contrast, in the United States, improvement in production efficiency, as measured by MFP, was the most important factor in labour productivity growth, accounting for about 53% of the total.

Changes in capital intensity, the second most important factor, accounted for about 36% of the growth. The remainder, about 10%, came from changes in the composition of labour.

Canada's labour productivity growth faster before 1980, slower afterwards

This paper also compares long-run growth in labour productivity in Canada and the United States from 1961 to 2006.

From 1961 to 1980, labour productivity in the Canadian business sector rose at an annual average rate of 2.9%, compared with 2.5% in the United States.

Canada's performance during this time reflected the faster growth in hours worked and even faster growth in real GDP.

After 1980, the United States outperformed Canada. From 1980 to 2006, labour productivity in

Canada grew at an annual average rate of 1.5%, well below the pace of 2.2% in the United States, a difference of 0.7 percentage points.

The main factor in this gap was slower growth in Canada's MFP, although this was offset slightly by increases in Canada's capital intensity.

The gap in labour productivity growth favourable to the United States widened during the 2000s. From 2000 to 2006, annual labour productivity growth was 1.9 percentage points lower in Canada.

In 2006 alone, labour productivity in Canada increased 1.1%, compared with 1.7% in the United States.

The slower growth in Canada in 2006 reflects slower gains in MFP and skill upgrading. This was offset by increases in Canada's capital intensity relative to that of the United States.

Available on CANSIM: table 383-0021.

Definitions, data sources and methods: survey number 1402.

The research paper "Long-term Productivity Growth in Canada and the United States: 1961 to 2006", part of *The Canadian Productivity Review* (15-206-XWE2007013, free), is now available from the *Publications* module of our website.

More studies related to productivity are available free of charge (<http://www.statcan.ca/english/studies/economic.htm>).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Wulong Gu (613-951-0754), Micro-economic Analysis Division.

Sources of labour productivity growth in the business sector in Canada and the United States, 1961 to 2006

	1961 to 2006	1961 to 1980	1980 to 2006	2006
	% average annual growth			
Canada				
Output per hour worked	2.1	2.9	1.5	1.1
Contribution of capital deepening	1.2	1.6	0.9	1.3
Contribution of labour composition	0.4	0.5	0.4	0.1
Multifactor productivity growth	0.4	0.7	0.2	-0.2
United States				
Output per hour worked	2.3	2.5	2.2	1.7
Contribution of capital deepening	0.8	0.9	0.8	0.3
Contribution of labour composition	0.2	0.1	0.4	0.3
Multifactor productivity growth	1.2	1.5	1.0	1.1
Canada minus United States				
Output per hour worked	-0.3	0.4	-0.7	-0.6
Contribution of capital deepening	0.4	0.7	0.1	0.9
Contribution of labour composition	0.2	0.4	0.0	-0.2
Multifactor productivity growth	-0.8	-0.8	-0.8	-1.3

Note: Contribution is the product of the variable and its share in nominal gross domestic product. Numbers may not add up to totals due to rounding.



Payroll employment, earnings and hours

June 2007 (preliminary)

In June, the average weekly earnings of payroll employees (seasonally adjusted) increased \$2.27 from May to \$769.43. The year-to-date growth, calculated as the average of the first six months of 2007 compared with the average of the same six months in 2006, was 3.1%.

In Canada's largest industrial sectors, earnings grew for the first six months of 2007 in manufacturing (+3.6%), health and social assistance (+3.2%), educational services (+0.5%), while they declined 0.5% in retail trade.

Nationally, the number of occupied payroll jobs edged up 12,700 to 14,291,700 in June. Growth among the provinces varied, with Alberta showing the strongest increase (+0.6%), followed by British Columbia (+0.2%).

The industrial sectors showing the strongest employment growth in June were arts, entertainment and recreation (+1.2%), and construction (+0.9%).

The number of payroll jobs has grown 74,000 since December 2006 (+0.5%).

The average hourly earnings for hourly-paid employees edged down \$0.05 in June to \$19.02. The average weekly hours for hourly-paid employees remained at 31.3 hours.

Available on CANSIM: tables 281-0023 to 281-0046.

Definitions, data sources and methods: survey number 2612.

Detailed industry data, data by size of enterprise based on employment, and other labour market indicators will be available soon in the monthly publication *Employment, Earnings and Hours* (72-002-XIB, free).

Data on payroll employment, earnings and hours for July will be released on September 25.

For general information or to order data, contact Client Services (toll-free 1-866-873-8788; 613-951-4090; fax: 613-951-2869; labour@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Shirley Steller (613-951-6501), Labour Statistics Division. □

Average weekly earnings (including overtime) for all employees

Industry group (North American Industry Classification System)	June 2006	May 2007 ^r	June 2007 ^p	May to June 2007	June 2006 to June 2007	Year-to-date average 2007 ¹
	Seasonally adjusted					
	\$			% change		
Industrial aggregate	742.51	767.16	769.43	0.3	3.6	3.1
Forestry, logging and support	972.15	979.42	980.10	0.1	0.8	0.7
Mining and oil and gas	1,348.24	1,404.14	1,417.60	1.0	5.1	4.4
Utilities	1,084.15	1,116.51	1,121.44	0.4	3.4	3.1
Construction	884.24	924.91	925.69	0.1	4.7	3.2
Manufacturing	897.21	938.26	934.50	-0.4	4.2	3.6
Wholesale trade	870.57	914.68	926.25	1.3	6.4	5.1
Retail trade	483.50	483.84	480.78	-0.6	-0.6	-0.5
Transportation and warehousing	783.46	796.68	797.27	0.1	1.8	1.7
Information and cultural industries	925.28	971.32	973.08	0.2	5.2	4.2
Finance and insurance	965.24	986.80	999.19	1.3	3.5	3.1
Real estate and rental and leasing	672.98	707.02	724.66	2.5	7.7	6.2
Professional, scientific and technical services	954.20	977.18	983.72	0.7	3.1	2.7
Management of companies and enterprises	956.06	923.95	930.36	0.7	-2.7	-3.4
Administrative and support, waste management and remediation services	597.31	642.49	659.55	2.7	10.4	9.0
Educational services	812.57	820.32	822.94	0.3	1.3	0.5
Health care and social assistance	673.25	704.64	704.17	-0.1	4.6	3.2
Arts, entertainment and recreation	437.19	451.60	451.08	-0.1	3.2	3.0
Accommodation and food services	301.34	319.03	325.53	2.0	8.0	9.7
Other services (excluding public administration)	585.27	606.07	612.31	1.0	4.6	4.8
Public administration	929.55	962.89	965.96	0.3	3.9	3.9
Provinces and territories						
Newfoundland and Labrador	693.12	715.97	725.90	1.4	4.7	3.3
Prince Edward Island	602.80	633.23	632.49	-0.1	4.9	5.0
Nova Scotia	657.37	676.98	678.43	0.2	3.2	2.9
New Brunswick	682.97	709.50	715.30	0.8	4.7	3.6
Quebec	709.07	729.30	722.07	-1.0	1.8	3.0
Ontario	774.87	800.71	802.90	0.3	3.6	2.7
Manitoba	679.93	697.07	711.43	2.1	4.6	4.0
Saskatchewan	694.14	714.62	723.00	1.2	4.2	3.5
Alberta	793.52	821.23	834.26	1.6	5.1	4.5
British Columbia	735.93	749.56	761.42	1.6	3.5	2.3
Yukon	850.04	875.48	885.38	1.1	4.2	1.8
Northwest Territories ²	951.81	989.28	990.37	0.1	4.1	1.0
Nunavut ²	894.98	921.60	930.87	1.0	4.0	4.2

^r revised

^p preliminary

1. Rate of change of the first six months of 2007 compared with the same months in 2006.

2. Data not seasonally adjusted.

Number of Employees

Industry group (North American Industry Classification System)	December 2006	April 2007	May 2007 ^r	June 2007 ^p	April to May 2007	May to June 2007	December 2006 to June 2007
	Seasonally adjusted						
	thousands				% change		
Industrial aggregate	14,217.7	14,251.9	14,279.0	14,291.7	0.2	0.1	0.5
Forestry, logging and support	57.5	54.6	55.5	55.4	1.6	-0.2	-3.7
Mining and oil and gas	186.8	189.9	184.6	186.6	-2.8	1.1	-0.1
Utilities	121.0	121.1	122.5	123.2	1.2	0.6	1.8
Construction	752.6	759.1	775.2	782.2	2.1	0.9	3.9
Manufacturing	1,832.2	1,809.3	1,813.9	1,807.4	0.3	-0.4	-1.4
Wholesale trade	750.1	753.1	756.9	757.1	0.5	0.0	0.9
Retail trade	1,754.6	1,771.6	1,781.2	1,790.6	0.5	0.5	2.1
Transportation and warehousing	639.7	654.1	649.4	647.6	-0.7	-0.3	1.2
Information and cultural industries	353.9	353.4	353.8	353.1	0.1	-0.2	-0.2
Finance and insurance	615.7	622.2	628.9	627.1	1.1	-0.3	1.9
Real estate and rental and leasing	246.4	248.0	250.2	248.8	0.9	-0.6	1.0
Professional, scientific and technical services	714.4	725.1	725.3	727.9	0.0	0.4	1.9
Management of companies and enterprises	97.4	97.6	97.5	97.1	-0.1	-0.4	-0.3
Administrative and support, waste management and remediation services	706.0	704.8	710.8	715.0	0.9	0.6	1.3
Educational services	1,061.4	1,065.5	1,076.1	1,072.6	1.0	-0.3	1.1
Health care and social assistance	1,456.8	1,465.3	1,470.5	1,471.6	0.4	0.1	1.0
Arts, entertainment and recreation	239.5	238.0	236.6	239.5	-0.6	1.2	0.0
Accommodation and food services	1,028.0	1,033.5	1,038.8	1,039.4	0.5	0.1	1.1
Other services (excluding public administration)	517.8	521.6	521.8	522.6	0.0	0.2	0.9
Public administration	815.3	819.1	816.1	814.6	-0.4	-0.2	-0.1
Provinces and territories							
Newfoundland and Labrador	177.6	178.3	181.3	181.5	1.7	0.1	2.2
Prince Edward Island	57.0	58.3	57.6	57.4	-1.2	-0.3	0.7
Nova Scotia	386.0	385.1	386.8	386.5	0.4	-0.1	0.1
New Brunswick	309.4	303.5	304.3	302.4	0.3	-0.6	-2.3
Quebec	3,260.6	3,261.0	3,272.9	3,277.0	0.4	0.1	0.5
Ontario	5,455.3	5,474.4	5,482.1	5,480.9	0.1	0.0	0.5
Manitoba	530.2	535.1	535.4	535.1	0.1	-0.1	0.9
Saskatchewan	419.4	422.5	422.7	422.9	0.0	0.0	0.8
Alberta	1,709.8	1,711.7	1,711.1	1,720.9	0.0	0.6	0.6
British Columbia	1,852.3	1,864.6	1,872.2	1,876.0	0.4	0.2	1.3
Yukon	17.2	17.6	17.5	17.5	-0.6	0.0	1.7
Northwest Territories ¹	22.7	23.1	23.3	23.9	0.9	2.6	5.3
Nunavut ¹	10.8	10.6	10.8	10.7	1.9	-0.9	-0.9

^r revised

^p preliminary

1. Data not seasonally adjusted.

Multifactor productivity growth estimates 2006

Multifactor productivity growth estimates in 2006 are now available for the Canadian business sector and its major sub-sectors. The data includes multifactor productivity, value-added, capital input and labour input in the aggregate business sector and major sub-sectors.

These data reflect revisions of investment, published in *The Latest Developments in the Canadian Economic Accounts: "2003-2006 revisions of the Income and Expenditure Accounts"*, Vol. 7, no. 4 (13-605-XIE, free) on May 31, 2007, and revisions of hours worked for the last four years, published in *The Daily* on June 12, 2007.

Multifactor productivity measures at Statistics Canada are derived from a growth accounting framework that allows analysts to isolate the effects on labour productivity growth of increases in capital intensity and skills upgrading.

The residual portion of labour productivity growth that is not accounted for by increased capital intensity and skills upgrading is called "growth in multifactor productivity." It measures the efficiency with which capital and labour are used in production. Growth in this area is often associated with technological change, organizational change or economies of scale.

Available on CANSIM: table 383-0021.

Definitions, data sources and methods: survey number 1402.

A description of the method used to derive productivity measures is available online in the publications *The Integration of the Canadian Productivity Accounts within the System of National Accounts: Current Status and Challenges Ahead* (11F0026MIE2005004, free) and *The Latest Developments in the Canadian Economic Accounts: "Industry Productivity Database", Vol. 7, no. 5* (13-605-XIE, free).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Wulong Gu (613-951-0754), Micro-economic Analysis Division. ■

Cereals and oilseeds review

June 2007

Data from the June 2007 issue of *Cereals and Oilseeds Review* are now available.

Definitions, data sources and methods: survey numbers, including related surveys, 3401, 3403, 3404, 3443, 3464, 3476 and 5046.

The publication *Cereals and Oilseeds Review*, Vol. 30, no. 6 (22-007-XIB, free) is now available from the *Publications* module of our website. The June issue contains an overview of July's market conditions.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-465-1991; agriculture@statcan.ca), Agriculture Division. ■

Crushing statistics

July 2007

Oilseed processors crushed 300 276 metric tonnes of canola in July. Oil production in July totalled 129 276 tonnes, while meal production amounted to 177 581 tonnes.

During the 2006/2007 crop year, 3 578 607 metric tonnes of canola were crushed, 4.56% higher than the previous record set in 2005/2006, when 3 422 621 tonnes were crushed.

Available on CANSIM: table 001-0005.

Definitions, data sources and methods: survey number 3404.

The July 2007 issue of *Cereals and Oilseeds Review* (22-007-XIB, free) will be available in September.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-465-1991; agriculture@statcan.ca), Agriculture Division. ■

Deliveries of major grains

July 2007

Data on July major grain deliveries are now available.

Available on CANSIM: table 001-0001.

Definitions, data sources and methods: survey numbers, including related surveys, 3403, 3404 and 3443.

The July 2007 issue of *Cereals and Oilseeds Review* (22-007-XIB, free) will be available in September.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-465-1991; agriculture@statcan.ca), Agriculture Division. ■

Placement of hatchery chicks and turkey poults

July 2007 (preliminary)

Placements of hatchery chicks onto farms were estimated at 57.9 million birds in July, up 4.7% from July 2006. Placements of turkey poults on farms decreased 3.0% to 2.0 million birds.

Available on CANSIM: table 003-0021.

Definitions, data sources and methods: survey number 5039.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Sandra Gielfeldt (613-951-2505; sandy.gielfeldt@statcan.ca), Agriculture Division. ■

New products

The Canadian Productivity Review : "Long-term Productivity Growth in Canada and the United States", 1961 to 2006, no. 13
Catalogue number 15-206-XWE2007013
(free).

Cereals and Oilseeds Review, June 2007, Vol. 30, no. 6
Catalogue number 22-007-XIB
(free).

Profiles of Ethnic Communities in Canada : The Haitian Community in Canada, 2001, no. 11
Catalogue number 89-621-XWE2007011
(free).

Profiles of Ethnic Communities in Canada : The Jamaican Community in Canada, 2001, no. 12
Catalogue number 89-621-XWE2007012
(free).

Profiles of Ethnic Communities in Canada : The Japanese Community in Canada, 2001, no. 13
Catalogue number 89-621-XWE2007013
(free).

Profiles of Ethnic Communities in Canada : The Korean Community in Canada, 2001, no. 14
Catalogue number 89-621-XWE2007014
(free).

Profiles of Ethnic Communities in Canada : The Lebanese Community in Canada, 2001, no. 15
Catalogue number 89-621-XWE2007015
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Document 1 - 2006: 07-0001-11-001-XIE-0001-0001-0001



Statistics Canada

Thursday, June 5, 1997
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MAJOR RELEASES

- **Urban transit, 1996** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about six rides 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 and industry work force in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- Map-based Index, May 1997 3
- Short-term Expectations Survey 9
- Steel primary forms, week ending May 31, 1997 12
- Egg production, Apr. 8, 1997 12

PUBLICATIONS RELEASED 11

Statistics Canada's official release bulletin

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