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I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, November 18, 1988

OVERVIEW

- **No Change in Merchandise Trade Surplus**

  Although the trade surplus was virtually unchanged in September, the levels of imports and exports both fell 6.5% and were more in line with those recorded in the first six months of the year.

- **Changes in Wage Distribution**

  A new study examines the impact of industrial restructuring and accompanying occupational shifts on the distribution of wages.

- **Downward Trend in International Travel Continues**

  The number of visitors to Canada rose 3.4% in September to reach its highest level since May. Despite this increase and several others earlier in 1988, the general trend in the volume of travellers has been downward.

- **Help-wanted Index Rebounds**

  The help-wanted index posted a strong increase in October, recovering most of the previous month's decline.

- **Changing Patterns of Marriage and Divorce**

  During the past two decades, there have been significant changes in the proportion of the population marrying, their ages at marriage and the number of marriages ending in divorce.

This issue **also** includes charts outlining **Current Economic Trends**.

No Change in Merchandise Trade Surplus

Canada's merchandise trade with all its trading partners showed a surplus of $660 million in September, virtually unchanged from the August level. Consequently, the cumulative trade surplus for the first nine months of 1988 was $8.3 billion, down $634 million from the same period last year. For the second month in a row, Canada's trade surplus with the United States remained below the average level for 1988.

Data for September indicate that the level of imports and exports returned to the values prevailing prior to July and August. Trade had fallen off sharply in July in response to a pronounced slowdown in the automotive sector, and rebounded in August when the sector recovered. The export and import levels recorded for September are therefore more in line with those observed in the first six months of the year, and the decrease noted in September should be attributed to a cyclical adjustment rather than a generalized slowdown.

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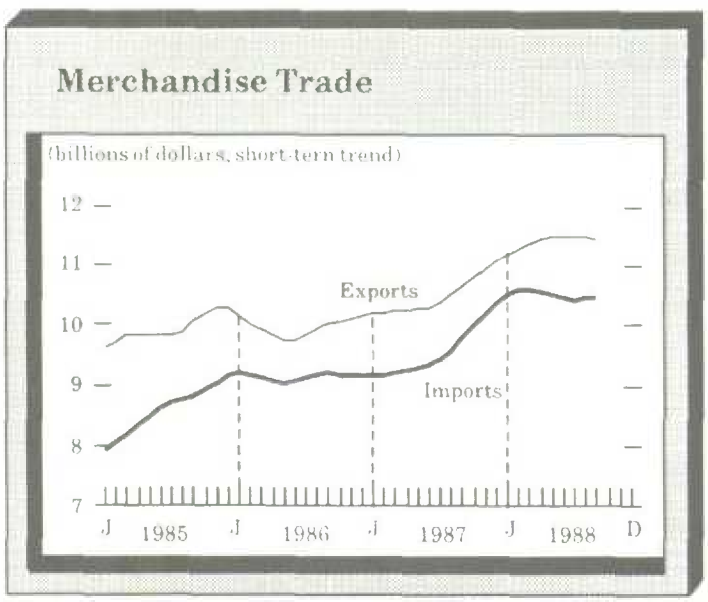


... No Change in Merchandise Trade Surplus

Exports fell to $11.3 billion, following a sharp drop in July and a recovery in August. The major sources of this decline were decreases in the value of end products and motor vehicles exported.

Imports also decreased in September, dropping to $10.6 billion. Although this figure represents a decline from the previous month, imports were up marginally (1.6%) over the average value in the first eight months of the year. The automotive products sector was the major contributor to downward movement in September.

Merchandise Trade

	May	June	July	Aug.	Sept.
	% change, previous month				
Imports	2.4	3.8	-10.2	12.4	-6.5
Exports	8.6	-6.4	-15.2	27.6	-6.5
	change, previous month				
Balance (millions $)	-617	1,157	377	-1,126	-39

For further information, order the Preliminary Statement of Canadian International Trade (catalogue number 65-001P) or contact International Trade Division at (613) 951-1711.

Changes in Wage Distribution

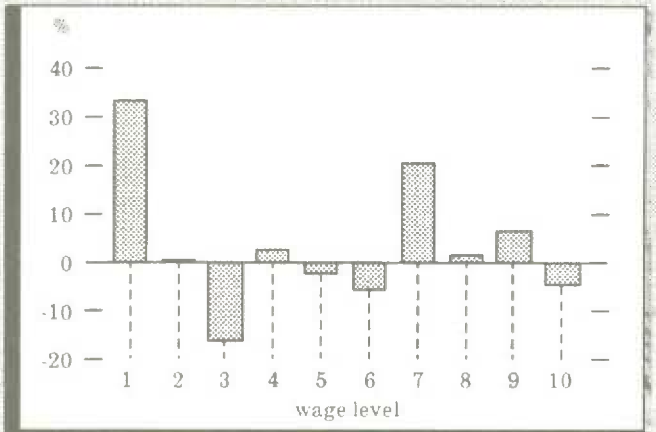
The 1980s have been years of turmoil in the Canadian labour market. The decade began with a downturn in employment caused by the 1981-82 recession, followed by a recovery and expansion during which job creation was substantial. Long-term industrial restructuring - notably the increasing percentage of the work force employed in the services sector - continued at an accelerated pace throughout this period. *The Changing Wage Distribution of Jobs*, a feature article in the October issue of *The Labour Force* and the November issue of the *Canadian Economic Observer*, examines what impact this industrial restructuring and the accompanying occupational shifts had on the distribution of wages.

Two special surveys, The Survey of Work History (1981) and the Labour Market Activity Survey (1986) provided information on hourly wage rates in all jobs held during these two years, and formed the basis for the analysis. Changes in the shape of the wage distribution were examined to determine if job creation was predominantly in low-wage or high-wage jobs.

The accompanying chart shows that most of the net growth in jobs from 1981 to 1986 occurred at two points in the wage distribution - the very bottom and the upper middle. Net job losses were concentrated in the lower middle of the wage scale. It has been argued that the long-term shift in jobs to the service sector has been responsible for the increase in low-wage jobs. However, the findings of this study indicate that this was not the main reason.

Although there was substantial restructuring of employment during this period (particularly the increase in service sector jobs), little of the observed change was explained by such shifts. Rather changes in the wage distribution within industries and occupations accounted for most (typically around 80%) of the changes, including the disproportional increase in low-wage jobs.

Employment Growth by Wage Level



Much of the observed shift was related to an economy-wide decline in relative wages paid to young workers and to a lesser extent an increase in the relative wages of middle-aged and older workers. Wages among the young displayed considerable downward flexibility over the period, coinciding with a declining unemployment rate from 1984 to 1986. Possible reasons for the decline in relative earnings of the young are discussed in the research paper, including labour market crowding due to the large cohort of young workers, the lingering effect of the recession on the demand for labour in entry level jobs and other changes occurring in the youth labour market.

For further information, contact Social and Economic Studies Division at (613) 951-8214 or (613) 951-3758.

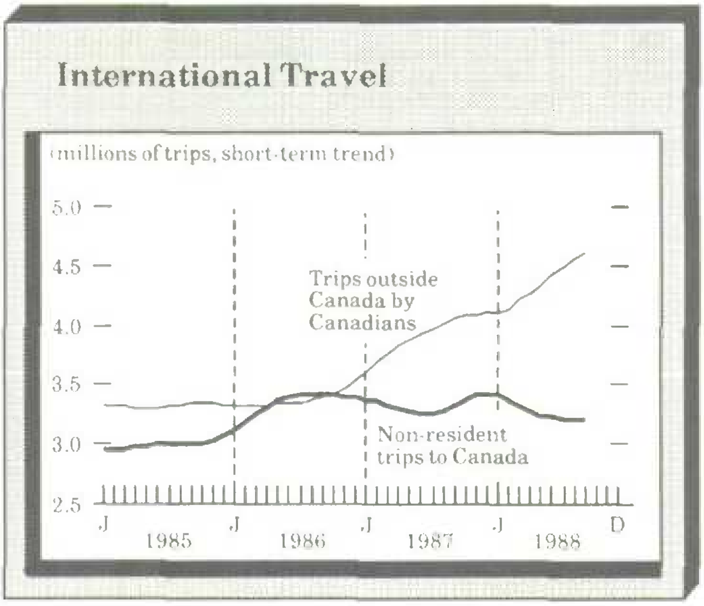
Downward Trend in International Travel Continues

The seasonally adjusted volume of foreign travellers to Canada rose 3.4% in September, to reach its highest level since May 1988. Total foreign visits to Canada peaked in January at the onset of the Calgary Olympics. A declining trend in non-resident traffic has persisted since then.

Total trips to Canada by United States residents increased 3.4%. Total trips by U.S. residents, which had generally been climbing during the second half of 1987, reached a peak in January at the onset of the Olympics. A declining trend has persisted since then. It is too early to say whether the increase in the current month represents a reversal in the trend. The volume of trips by overseas residents to Canada also rose in September.

Total international trips by Canadian residents were up 3.7%, reflecting an increase in visits to the United States. A marginal decline in the volume of trips to the U.S. in August was more than recovered by the increase in September, which maintained the general rising trend observed since March.

Trips by Canadians to overseas countries rose by only 0.4% in September, but this was the second consecutive increase and may indicate a reversal in the downward trend of travel abroad.



For further information, order International Travel - Advance Information (catalogue number 66-001P) or contact Education, Culture and Tourism Division at (613) 951-8933.

Help-wanted Index Rebounds

- The seasonally adjusted help-wanted index increased to 162 in October, recovering most of the drop which occurred in September.
- The strengthening in October was widespread as notable increases were registered in the Atlantic and Prairie regions and Ontario.
- The index for the Atlantic region advanced to 207, just slightly below the level recorded in April.
- In the Prairie region, the index increased for the third consecutive month to reach its highest level since January 1982.
- The Ontario index, which decreased slightly last month, jumped 20 percentage points to a new peak at 227.
- Following a large decline in September, the index for Quebec edged down slightly in October.

Help-wanted Index (1981 = 100)

	June	July	Aug.	Sept.	Oct.
	seasonally adjusted				
Canada	150	146	163	153	162
Atlantic Region	183	191	195	194	207
Quebec	172	173	196	165	162
Ontario	196	190	209	207	227
Prairie Region	64	61	66	69	78
British Columbia	60	59	68	70	68

- In British Columbia, the index registered a slight decrease.

For further information, contact Labour Division at (613) 951-4045.

Changing Patterns of Marriage and Divorce

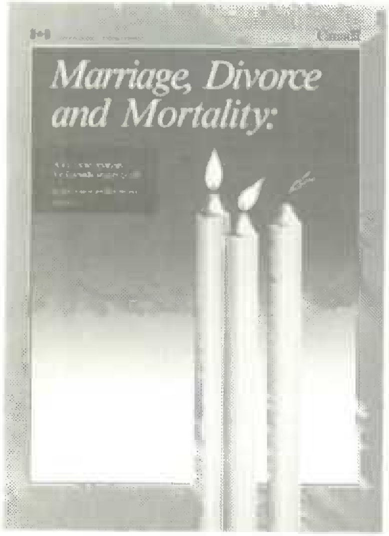
Changing patterns of marriage and divorce during the past two decades have had a marked impact on the life course of Canadians. First, an increasing proportion of marriages are expected to end in divorce. As of 1985, it is estimated that nearly three out of ten marriages (including first and remarriages) could end in divorce, compared to fewer than two in ten in 1971. This proportion is even higher for women and men in their early 20s. It is estimated that four out of ten marriages could end in divorce, up from fewer than three in ten in 1971.

(Continued on page 4.)

Although the average life expectancy of Canadians has increased by three years since 1971, the length of lifetime that Canadians may expect to spend married has declined by six years; in 1985 both women and men could expect to spend 34 years of their lifetime married, down from 40 years in 1971.

It is observed that individuals in Quebec are less likely to marry or remarry than those of other regions. As of 1985, 75% of Quebec men and 77% of women could be expected to marry during their lifetime, compared to roughly 85% or more in all other regions of Canada. The highest proportion of marriages ending in divorce is observed in British Columbia, at 33% and the lowest in Atlantic Canada, at 24%.

International comparisons show some striking differences from Canadian characteristics. For example, in the United States it is estimated that 44% of all marriages end in divorce, while in Sweden individuals are much less likely to marry or remarry than those in other countries.



For further information, order Marriage, Divorce and Mortality: A Life Table Analysis for Canada and the Regions (catalogue number 84-536) or contact Health Division at (613) 951-1631.

PUBLICATIONS RELEASED FROM NOVEMBER 14 TO 17

CENSUS

Profiles – Census Metropolitan Areas and Census Agglomerations : Part 2, 1986 Census. Catalogue number 94-128 (Canada: $39; Other Countries: $41).

EDUCATION, CULTURE AND TOURISM

Touriscope – International Travel – Advance Information, September 1988. Catalogue number 66-001P (Canada: $5.50/$55; Other Countries: $6.50/$65).

Universities: Enrolment and Degrees, 1986. Catalogue number 81-204 (Canada: $25; Other Countries: $26).

HEALTH

Marriage, Divorce and Mortality: A Life Table Analysis for Canada and Regions, 1985. Catalogue number 84-536 (Canada: $35; Other Countries: $36).

Marrying and Divorcing – A Status Report for Canada, 1986. Catalogue number 89-517E (Canada: $5; Other Countries: $6).

INDUSTRY

Manufacturing Industries of Canada: Sub-provincial Areas, 1985. Catalogue number 31-209 (Canada: $55; Other Countries: $65).

Merchandising Inventories, June 1988. Catalogue number 63-014 (Canada: $13/$130; Other Countries: $14/$140).

Primary Metal Industries – Non-ferrous Metal Smelting and Refining Industries, 1986 Census of Manufactures. Catalogue number 41-250B 2950 (Canada: $4; Other Countries: $5).

Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada, September 1988. Catalogue number 47-004 (Canada: $4.50/$45; Other Countries: $5.50/$55).

Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, August 1988. Catalogue number 35-002 (Canada: $9/$90; Other Countries: $10/$100).

INDUSTRY – Concluded

Pulpwood and Wood Residue Statistics, September 1988. Catalogue number 25-001 (Canada: $5.50/$55; Other Countries: $6.50/$65).

Shipments of Solid Fuel-burning Heating Products, Quarter Ended September 1988. Catalogue number 25-002 (Canada: $4.25/$17; Other Countries: $5.25/$21).

Specified Domestic Electrical Appliances, September 1988. Catalogue number 43-003 (Canada: $4.50/$45; Other Countries: $5.50/$55).

INTERNATIONAL AND FINANCIAL ECONOMICS

The Canadian Economic Observer, November 1988. Catalogue number 11-010 (Canada: $20/$200; Other Countries: $22.25/$225).

INTERNATIONAL TRADE

Preliminary Statement of Canadian International Trade, September 1988. Catalogue number 65-001P (Canada: $5.50/$55; Other Countries: $6.50/$65).

LABOUR

Labour Force Survey, October 1988. Catalogue number 71-001 (Canada: $22/$220; Other Countries: $24/$240).

PRICES

Consumer Price Index, October 1988. Catalogue number 62-001 (Canada: $8.50/$85; Other Countries: $9.50/$95). Available November 18th.

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

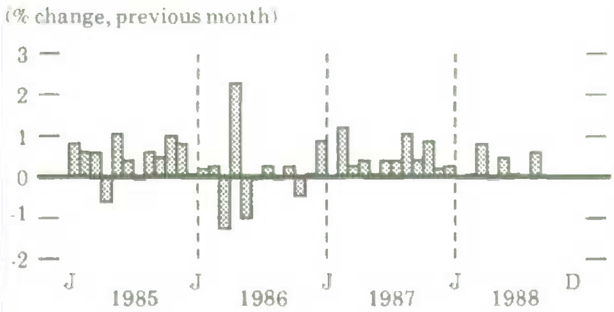
Building Permits, June 1988. Catalogue number 64-001 (Canada: $20/$200; Other Countries: $21/$210).

TRANSPORT

Railway Carloadings, September 1988. Catalogue number 52-001 (Canada: $7.50/$75; Other Countries: $8.50/$85).

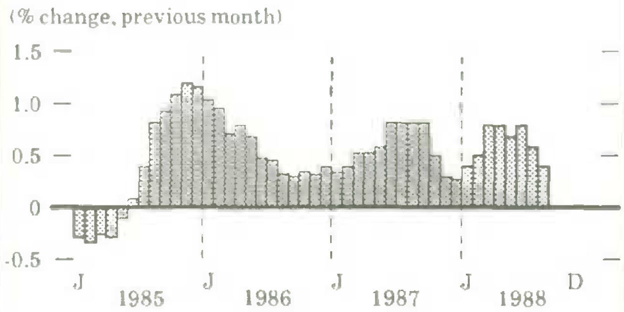
CURRENT TRENDS

Gross Domestic Product



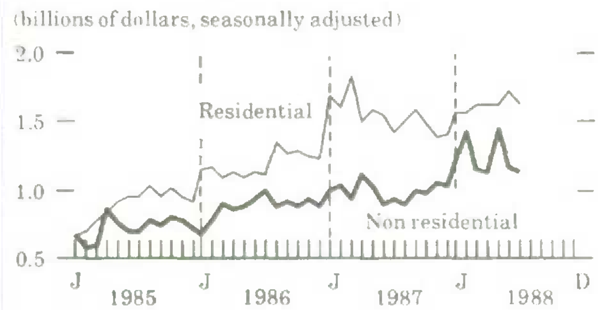
Following two months of minimal growth, gross domestic product rose 0.6% in August.

Composite Leading Indicator



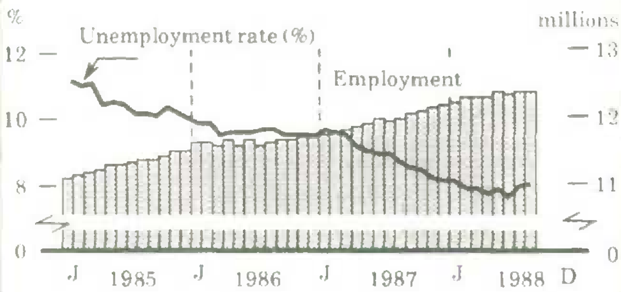
The deceleration in the growth rate of the leading indicator in August was the result of declines in the manufacturing industry indicators.

Building Permits



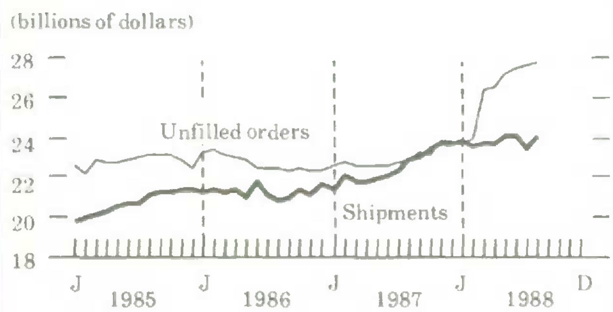
Residential permits climbed slowly in the first six months of the year, before dropping sharply in July.

Unemployment Rate and Employment



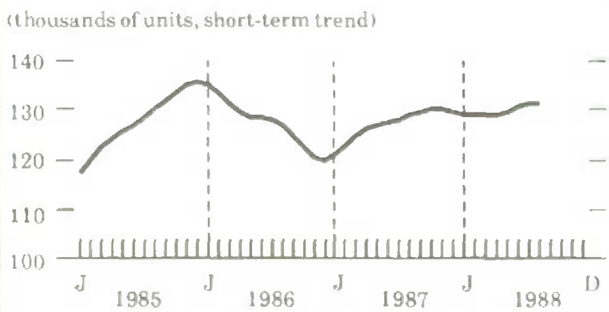
There has been little overall change in labour market conditions between May and October.

Manufacturing



The value of shipments rose 2.8% in August, recovering most of the decrease recorded in July.

New Motor Vehicle Sales



Motor vehicles sales continued to follow a gently rising trend in August.

LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	Aug.	398	0.6%	3.9%
Composite Leading Indicator (1971 = 100)	Aug.	201.3	0.4%	7.2%
Profits of Industrial Corporations ($ billion)	2nd Q	9.80	7.2%	20.2%
DOMESTIC DEMAND				
Retail Trade ($ billion)	Aug.	13.8	0.3%	6.5%
New Motor Vehicle Sales ('000 units)	Aug.	131	0.4%	-0.3%
Housing Starts ('000, annual rates)	Aug.	219	21.0%	-12.4%
LABOUR				
Employment (millions)	Oct.	12.4	0.0%	2.3%
Unemployment Rate (%)	Oct.	7.9	0.1	-0.5
Participation Rate (%)	Oct.	66.7	0.0	0.3
Labour Income ($ billion)	Aug.	26.6	0.8%	7.0%
Average Weekly Earnings ($)	Aug.	465.84	0.4%	5.9%
EXTERNAL TRADE				
Merchandise Exports ($ billion)	Sept.*	11.3	-6.5%	6.6%
Merchandise Imports ($ billion)	Sept.*	10.6	-6.5%	10.0%
Merchandise Trade Balance ($ billion)	Sept.*	0.7	0.0	-0.3
MANUFACTURING				
Shipments ($ billion)	Aug.	24.0	2.8%	5.4%
New Orders ($ billion)	Aug.	24.2	2.7%	5.7%
Unfilled Orders ($ billion)	Aug.	27.7	0.5%	21.1%
Inventory/ Shipments Ratio	Aug.	1.56	-0.03	-0.02
Capacity Utilization (%)	2nd Q	81.5	0.2	2.8
PRICES				
Consumer Price Index (1981 = 100)	Sept.	145.0	0.1%	4.1%
Industrial Product Price Index (1981 = 100)	Sept.	128.5	0.1%	3.5%
Raw Materials Price Index (1981 = 100)	Sept.	96.6	0.5%	-8.3%
New Housing Price Index (1981 = 100)	Sept.	135.2	1.8%	10.8%

Note: All series are seasonally adjusted with the exception of average weekly earnings and the price indexes.
** New this week.*

I•N•F•O•M•A•T

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