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PERSPECTIVES

ON LABOUR AND INCOME

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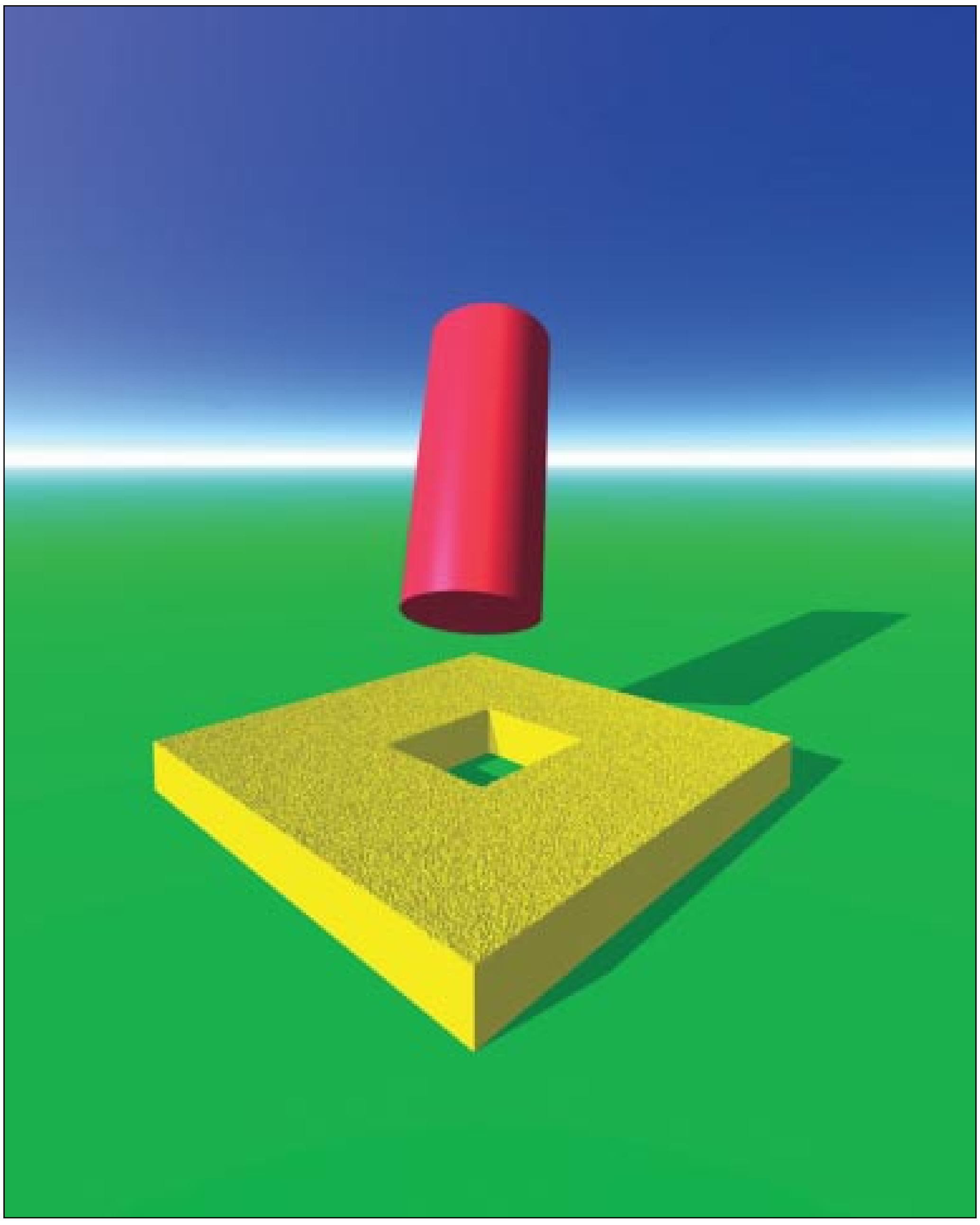
- THE LABOUR MARKET: YEAR-END REVIEW
- RECENT TRENDS IN TAXES INTERNATIONALLY



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Highlights

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- The year 2000 was another good one for the Canadian labour market. Employment continued a four-year climb, while the unemployment rate remained at a low not seen since the 1970s.

- In the first nine months of 2000, goods-producing GDP increased by 2.2%, about half the comparable rate in 1999. At the same time, the service sector continued to grow at a pace similar to that of 1999.

- Following strong growth of almost 6% in 1999, manufacturing employment slowed to a more moderate pace in 2000. Declining over the summer, it picked up strongly in the last three months, ending the year up 60,000 (3%).

- Of the 319,000 increase in employment in 2000, some 263,000 jobs were full-time while the remaining 56,000 were part-time. This equates to growth rates of 2.2% and 2.1%, respectively. In 1999, part-time employment had actually fallen.

- Employment was also up in sales and service occupations. Over the year, some 124,000 (3%) sales and service workers were added, driven by hiring at retail and wholesale outlets. But, while the number of these workers in trade rose in 2000, there were fewer retail and wholesale store managers.

- The year 2000 was the first since 1986 that self-employment declined. The drop was significant, as 146,000 fewer people worked for themselves by the end of the year, a decline of 6%. About one-third of this can be attributed to reduced farm employment. The number of self-employed farmers declined by 50,000.

- In contrast to self-employment, the increase in the number of private sector employees was unusually strong in 2000, jumping 376,000 (4%). With the increase in 2000, the proportion of all employed people engaged in paid employment in the private sector finally surpassed the 1989 peak.

- For the second consecutive year, more people worked in the public sector, which rose by 89,000. With declines in both public administration and education employment in 2000, health care and social assistance provided most of the increase.

- Over the year, employment among women of "core" working age (25 to 54) increased by 115,000 (2%). This exceeded their population growth, pushing their employment rate up 0.9 percentage points over the year to 74.4%.

- Employment rose in almost every province, especially Ontario, the largest. Moreover, although 40% of all employment was in that province, 60% of the increase occurred there. Also gaining disproportionately were Alberta, British Columbia and the three Maritime provinces.

Recent trends in taxes internationally

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- In 1997, Canada's overall taxation ranked in the middle of the G-7 countries and the 29 members of the Organisation for Economic Co-operation and Development (OECD). Between 1980 and 1997, Canada's total tax-to-GDP ratio increased by 4.8 percentage points (from 32.0% to 36.8%) or 15.0%.

- Over the same period, Canada's personal tax revenues as a percentage of GDP went up by 3.1 percentage points (from 10.9% to 14.0%) or 28.4%. This was the second largest increase among the 4 G-7 countries whose personal tax-to-GDP ratio had risen—smaller only than that of Italy.

- Canada had the smallest increase in corporate taxation between 1980 and 1997 among the 4 G-7 countries for which the ratio rose, as well as among 19 comparable OECD countries. Canada's corporate tax revenues as a percentage of GDP went up by only 0.1 percentage point (from 3.7% to 3.8%) or 2.7%.

- From 1980 to 1997, Canada's total payroll tax revenues as a percentage of GDP increased by 2.3 percentage points or 67.6%. This tied with Germany for the third largest percentage-point increase among the 6 G-7 countries for which the tax ratio had increased. Of the G-7, payroll taxation decreased only in the United Kingdom.

- Canada's property tax revenues as a percentage of GDP went up by 0.8 percentage points (from 2.9% to 3.7%) or 27.6% during this period. This is the second smallest increase in the 5 G-7 countries whose tax ratio had increased, but in the middle of 17 relevant OECD member states.

- From 1980 to 1997, the consumption tax-to-GDP ratio rose in Italy, the United Kingdom and Japan, decreased in Canada and France, and remained unchanged in Germany and the United States. Canada's consumption tax revenues as a percentage of GDP decreased by 1.4 percentage points (from 10.4% to 9.0%) or 13.5%.

Perspectives

The labour market: Year-end review

Geoff Bowlby

The year 2000 was another good one for the Canadian economy and labour market. Employment continued a four-year climb, while the unemployment rate remained at a low not seen since the 1970s.

While it was a *good* year for job seekers and workers, it was not a *great* year. Entering 2000, a fast-growing economy had delivered 37 consecutive months of employment gains.[1] The year started with a bang and employment growth continued to move forward in the first quarter.

However, even though gross domestic product (GDP) growth continued to be strong, signs that the economy was slowing began to appear in the second quarter (Statistics Canada, 2000), which eventually affected the labour market. Employment plateaued over the summer, the first time this had happened since 1996 (Chart A).

With some indications of a slowdown in the U.S. market, exports to that country slipped slightly in the third quarter, ending 14 consecutive quarterly gains. Still, domestic demand remained strong, and in the second half of the year the labour market rebounded from its summertime plateau with strong job gains.

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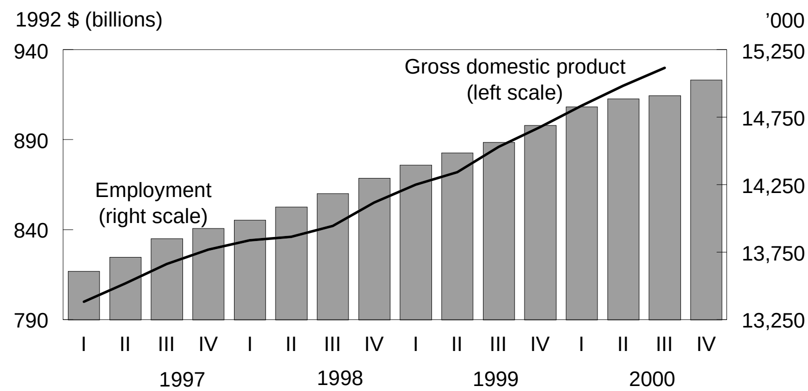
Chart A: Gross domestic product and employment continued to rise in 2000.



Sources: Labour Force Survey and System of National Accounts, seasonally adjusted

By the end of the year, employment was up more than 319,000, a healthy increase of 2%, though less than the over 400,000 (3%) average of the previous three years. Even though employment growth slowed in 2000, participation in the labour market continued to climb. As a result, the unemployment rate stayed in the 6.8% range throughout the year, the lowest since the 1970s (Chart B).

Strength in the labour market shifted to services

In the first nine months of 2000, goods-producing GDP increased by 2.2%, about half the comparable rate in 1999. At the same time, the service sector continued to grow at a pace similar to that of 1999 (Chart C).

Slower economic growth in the goods sector was reflected in the labour market. Indeed, for every additional goods-producing job, 10 service jobs appeared. This came about as manufacturing growth slowed to a more moderate pace than 1999's (Statistics Canada, 2000) and farm employment dropped sharply (Table 1).

Increased demand for workers in the service sector had the expected effect on the mix of occupations. For example, sales and computer-related jobs were more plentiful in 2000 than in the year before. More jobs in this sector also led to an increase in part-time work, a change from the previous year, when part-time employment actually fell. As well, youths and core-age (25 to 54)

Table 1: Employment by industry

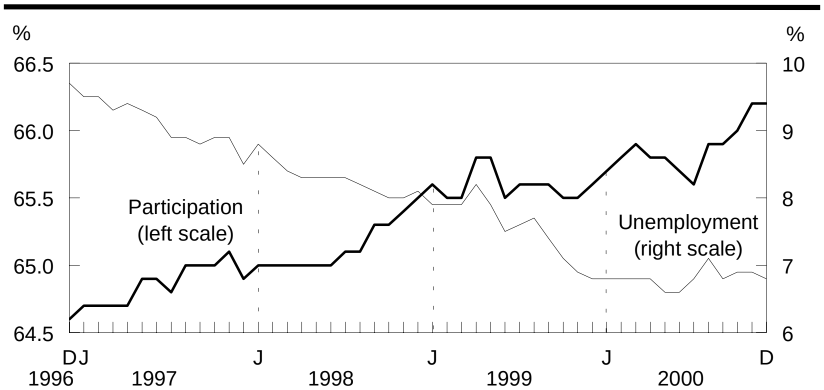
	December 2000	Change from December 1999	
	'000	'000	%
Total	**15,066.7**	***319.2***	***2.2***
Goods sector	**3,891.8**	***26.5***	***0.7***
Agriculture	347.5	*-51.6*	*-12.9*
Forestry, fishing, mining, oil and gas	277.7	*2.4*	*0.9*
Utilities	117.7	*2.3*	*2.0*
Construction	820.6	*13.2*	*1.6*
Manufacturing	2,328.4	*60.2*	*2.7*
Service sector	**11,174.9**	***292.7***	***2.7***
Trade	2,354.4	*82.7*	*3.6*
Transportation and warehousing	787.8	*23.6*	*3.1*
Finance, insurance, real estate and leasing	881.9	*16.6*	*1.9*
Professional, scientific and technical	988.6	*62.1*	*6.7*
Management, administrative and other support	559.2	*41.7*	*8.1*
Education	952.1	*-49.6*	*-5.0*
Health care and social assistance	1,523.7	*51.8*	*3.5*
Information, culture and recreation	700.6	*64.4*	*10.1*
Accommodation and food	965.7	*15.1*	*1.6*
Other	698.4	*-10.5*	*-1.5*
Public administration	762.4	*-5.4*	*-0.7*

Source: Labour Force Survey, seasonally adjusted

women, who are more likely than men to work in the service sector, gained over three-quarters of the jobs.

Employment grew equally in professional, scientific and technical services, and information, culture and recreation. Smaller increases appeared in health care and social assistance, and management, administrative and other support services. The largest increase, however, occurred in the industry that employs the most: retail and wholesale trade.

Chart B: The participation rate continued to climb in 2000, holding the unemployment rate steady.



Source: Labour Force Survey, seasonally adjusted

Added work in "high-tech" services

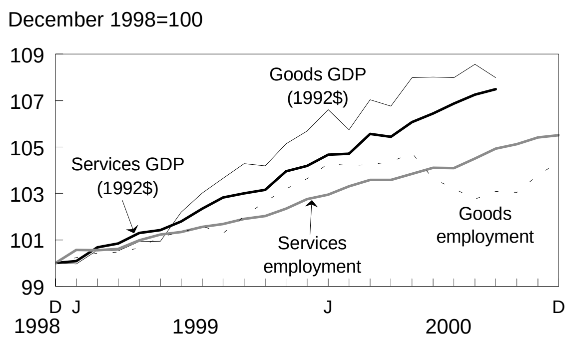
Growth in professional, scientific and technical services was driven by computer design services—an industry providing a wide range of computer-related services, including programming, Internet page design and computer systems analysis, design and integration. At the end of 2000, one-quarter million people worked in the computer systems design industry (up 20,000 or 9% from 1999). Only 6% did so on a part-time basis. Employment in this industry has tripled since early 1994, when the strong upward trend began.

Undoubtedly, such growth led to strong demand for programmers, systems analysts and computer engineers. Collectively, employment in these three occupations jumped 20,000 (6%) to 355,000 (Chart D).

Information, culture and recreation also up

Strong demand for highly trained computer professionals is one indicator of the so-called "knowledge" economy. So too is the growth in information, culture and recreation (64,000 or 10%), an industry related to the use of the Internet and other information media.

Chart C: Goods-producing GDP and employment cooled from their 1999 pace.

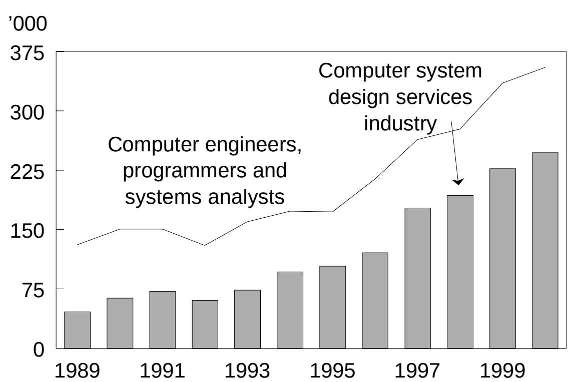


Sources: Labour Force Survey and System of National Accounts, seasonally adjusted

Growth in this industry was spurred by added jobs in a few key areas. Broadcasting and telecommunications employment increased 22,000 (11%), while jobs in publishing rose by 19,000 (24%) in 2000. Finally, employment in information services and data processing services was up 10,000 (24%). This industry includes news syndicates, libraries and companies that provide Internet access services.

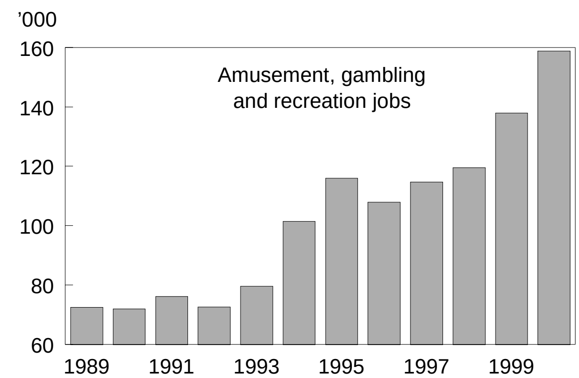
Over the last half of the 1990s, employment in amusement, gambling and recreation establishments grew strongly, a trend that continued in 2000 with an increase of 21,000 jobs (15%). While added casino employment made up about 40% of this increase, recreational facilities such as golf courses, ski hills and fitness centres accounted for another half. At close to 160,000, the number of amusement, gambling and recreation workers was more than double that at the start of the 1990s (Chart E).[2]

Chart D: Employment continued to soar in the major computer-related industries and occupations.



Source: Labour Force Survey, unadjusted December levels

Chart E: Finally, the leisure era?



Source: Labour Force Survey, unadjusted December levels

Rising employment services and business support services

Behind discussion of the "new economy" is the notion that competitive and technological pressures have radically altered the economy and the labour market (Picot and Heisz, 2000). One of the expected outcomes of increased competition is a greater reliance on contracting-out. There is some evidence that firms are increasingly buying services once provided in-house. Over the last decade, employment in companies providing employment services (employment placement agencies, temporary help services and employee leasing services) has increased markedly. Growth in this industry, part of management, administrative and other support services, indicates that companies may increasingly be relying on other firms to help them with their human resource services needs. In 2000, an additional 17,000 people (25%) worked in employment services. By the end of the year, some 85,000 workers were in this industry, more than double the level of 1994.

Growth in another part of management, administrative and other support services—business support services—has also been linked to contracting-out. People employed in this industry are engaged primarily in activities such as desktop publishing, word processing, telephone answering and voice mail services, telemarketing services and photocopying services. In 2000, employment in business support services rose 36,000. Like employment services, employment in this industry has doubled in the last six years, hitting 88,000 by the end of 2000.

More work in retail and wholesale trade

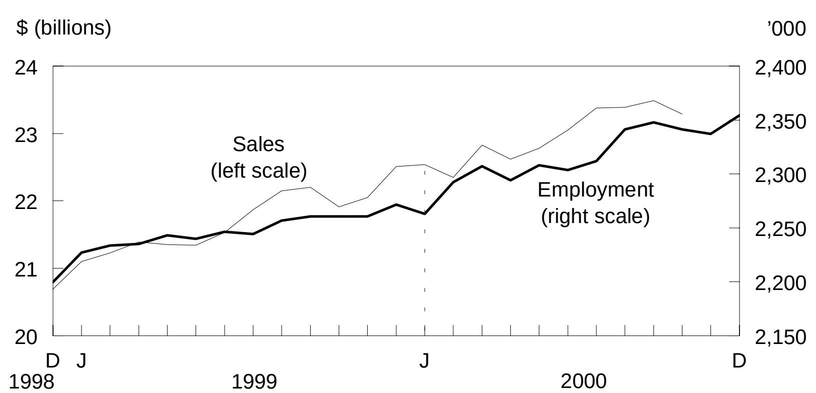
The industry employing the most people in Canada is retail and wholesale trade. Following a slow start in 2000, retail sales accelerated in the middle of the year and by October, were 3.4% higher than at the start of the year. While the relationship between trade sales and employment is not always direct, improved sales at retail outlets may have led to greater demand for workers in this industry. In 2000, trade employment rose 3.6% (83,000), reaching a level of over 2.3 million (Chart F).

Manufacturing slowed, agriculture dropped

Following strong growth of almost 6% in 1999, manufacturing employment slowed to a more moderate pace in 2000. Declining over the summer, it picked up strongly in the last 3 months, ending the year up 60,000 (3%). This represents a slowdown from the previous year but is still above the all-industry average. While still growing strongly, manufacturing shipments also slowed in the first 10 months of 2000. From January to October, they increased 5%, compared with 6% over the same period in 1999.

As manufacturing employment growth levelled off, the drop in farm employment accelerated (Chart G). Following a decline of 25,000 (6%) in 1999, the number of workers who counted agriculture as their main job fell another 52,000 (13%) in 2000, probably owing to a combination of factors. Continued labour market strength may have drawn some people, including farm spouses and children, off the farms and into better-paying jobs. Others may have been "pushed" as they faced financial problems caused by relatively low commodity prices, rising fuel and other farm input costs. Third, the typical agricultural worker is older than average, which suggests that the drop in farm employment may also reflect retirement.

Chart F: Trade employment increased, along with retail sales.



Sources: Labour Force Survey and Distributive Trades Division, seasonally adjusted

In contrast to 1999, part-time work increased

In a year of services employment growth, some increase in part-time work is to be expected. Indeed, of the 319,000 increase in employment in 2000, some 263,000 jobs were full-time while the remaining 56,000 were part-time. This equates to growth rates of 2.2% and 2.1%, respectively. In 1999, part-time employment had actually fallen (Chart H).

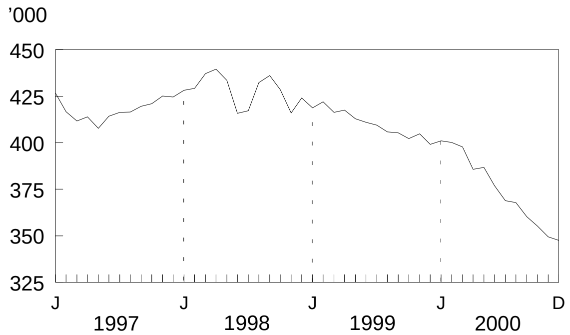
After climbing in the first four years of the 1990s, the proportion of the employed working part time plateaued at around 19% for the next five. In the last two years, it was in the 18% range.

Sales and service occupations picked up

While employment by industry and job status tells a lot about the nature of employment growth, changes by occupation reveal more about the skills employers are demanding.[3]

With employment up in the service sector, it is no surprise that it also rose in sales and service occupations. Over the year, some 124,000 (3%) sales and service

Chart G: Agricultural employment continued to decline in 2000.

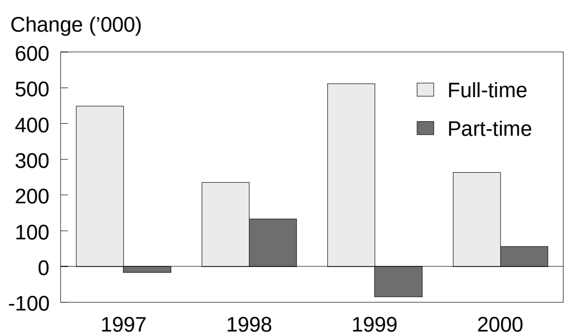


Source: Labour Force Survey, seasonally adjusted

workers were added, driven by hiring at retail and wholesale outlets. But, while the number of these workers in trade rose in 2000, there were fewer retail and wholesale store managers.

Among the major occupational groups, the next largest increase was in business, finance and administrative jobs. This set of occupations consists largely of clerical and secretarial workers. Most of the 122,000 (5%) increase occurred in two industries: professional, scientific and technical services (which includes the computer services industry mentioned earlier) and management, administrative and other support services.

Chart H: After falling the year before, part-time employment increased in 2000.



Source: Labour Force Survey, seasonally adjusted December levels

The number of managers increased in several industries, most notably, in finance, insurance and real estate and in manufacturing. By the end of the year, they had grown by 61,000 (4%) (Chart I).

Also rising strongly was employment in natural and applied sciences, up 48,000 (5%). This occupation includes computer programmers, systems analysts and engineers. Not surprisingly, the number of natural and applied science workers in professional, scientific and technical services increased (most likely in the computer design services component). Manufacturing also increasingly employed natural science workers.

In 2000, the general skill level of manufacturing workers appears to have shifted upward, as fewer were employed in blue-collar processing occupations and more worked as managers, natural and applied science, and trades workers. Some of the explanation may lie in the changing nature of what is being manufactured in Canada. According to the Survey of Employment, Payrolls and Hours (which can provide more accurate detailed industry breakouts than the Labour Force Survey), the shift has been away from clothing and pulp and paper production and toward more technical communications equipment, aircraft and motor vehicle parts (Chart J).

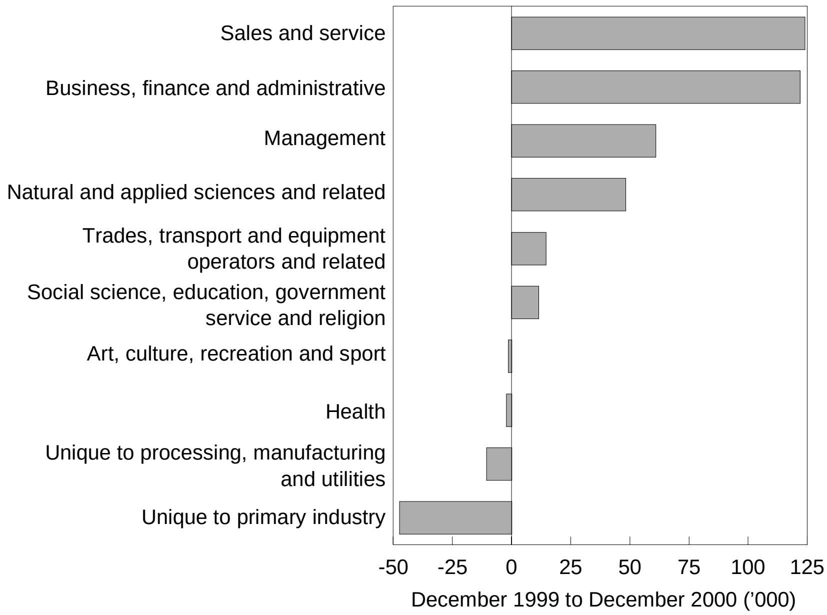
At the other end of the scale were employment losses in occupations unique to primary industry. Employment in this group fell by 47,000 (8%), not entirely unexpected given the decline in agricultural employment.

More workers at all skill levels

The issue of skills has probably always been an important aspect of the labour market. However, in recent years it has come to the forefront as the increased pace of technological change, heightened competitiveness and globalization, along with other factors, have changed the type and quality of skills demanded (and supplied) in the workforce.

In order to assess and track changes in the skill level of the workforce, a simple, coherent system is required. Using a method developed at Human Resources Development Canada, it is possible to assign a skill level to each occupation.[4] This system divides workers into four groups, ranked from highest to lowest (A to D) in a skill hierarchy, and places managers in a separate group.

Chart I: Sales and service occupations increased the most.



Source: Labour Force Survey, seasonally adjusted

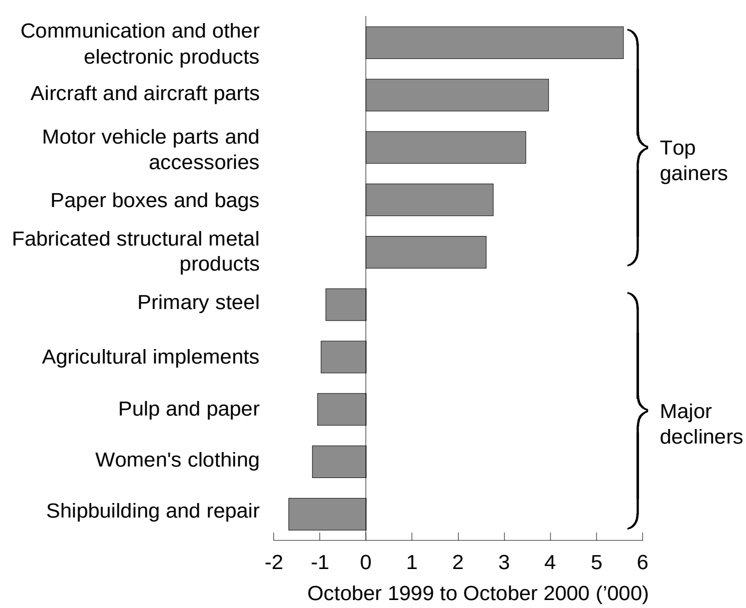
In 2000, employment increased more at each end of the spectrum. Occupations requiring technical or paraprofessional skills (level B) increased the most, jumping 145,000 (3%). Among the most highly skilled (level A), employment increased 49,000 (2%). At the other end, workers in labouring or elemental jobs (level D) increased by 56,000 (3%). The number working in jobs requiring intermediate skill levels (level C) increased only slightly (Chart K).

First drop in self-employment since 1986

Class of worker (self-employed, public or private sector employee) is another category useful in assessing the nature of work. The year 2000 was the first since 1986 that self-employment declined. The drop was significant, as 146,000 fewer people worked for themselves by the end of the year, a decline of 6% (Chart L). About one-third of this can be attributed to reduced farm employment. The number of self-employed farmers declined by 50,000.

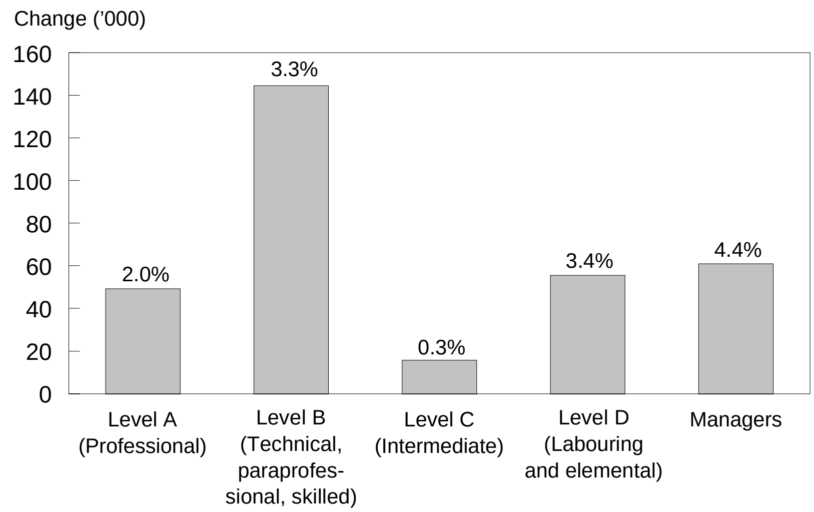
Self-employment also fell strongly in "other services," an industry made up of workers from a wide range of activities, including babysitting, which was second to farming among declines. Why did self-employment in other services drop? With employment rising in better-paying entry level jobs in such areas as retail trade, fewer teenagers may have been available to babysit. Or they may have been doing this only as a second job.[5]

Chart J: Employment changes in manufacturing reflected increased skill demands.



Source: Survey of Employment, Payrolls and Hours, unadjusted, preliminary data

Chart K: Employment increased at all skill levels in 2000.



Source: Labour Force Survey (using skill levels defined by Human Resources Development Canada), unadjusted December levels

occurred in social service employment, the bulk of the increase occurred in hospitals, especially among professional and nursing staff (Chart N).

Who found work?

The type of employment growth often determines who is hired. In 2000, growth in the service sector would certainly appear to have led to more work for youths and core-age women (Chart O), who are more likely than men to work in service jobs. Over the year, employment among women of core working age increased by 115,000 (2%). This exceeded their population growth, pushing their employment rate up 0.9 percentage points over the year to 74.4%.

Strong private sector hiring

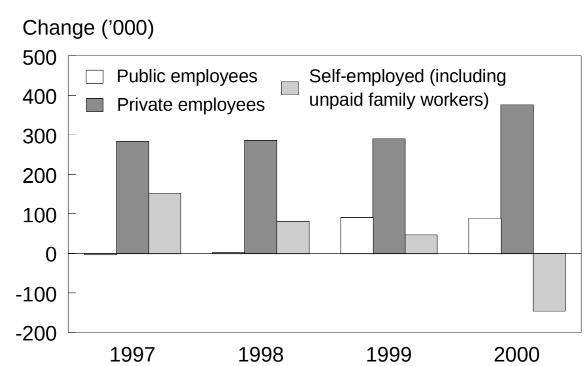
In contrast to self-employment, the increase in the number of private sector employees was unusually strong in 2000, jumping 376,000 (4%). After the recession of the early 1990s, hiring in the private sector did not resume in earnest until the latter part of the decade. With the increase in 2000, the proportion of all employed people engaged in paid employment in the private sector finally surpassed its 1989 peak. In November 2000, 65.6% of all employed people worked as private sector employees, the highest rate since at least 1976 (Chart M).

Workers in health care boosted public sector

For the second consecutive year, more people worked in the public sector, which rose by 89,000. With declines in both public administration and education employment in 2000, health care and social assistance provided most of the increase.

The largest component of health care and social assistance is employment in hospitals, although the industry also includes doctors' offices, nursing homes and social service agencies. While some growth

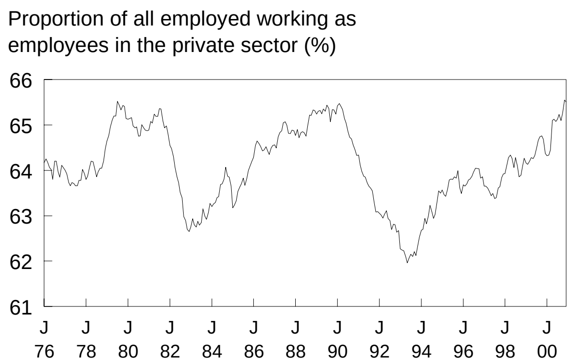
Chart L: While private sector hiring soared, self-employment dropped in 2000.



Source: Labour Force Survey, seasonally adjusted December levels

Added hospital and retail trade employment drove the increase in core-age female employment. More women were also employed as sales managers and supervisors, and teachers.

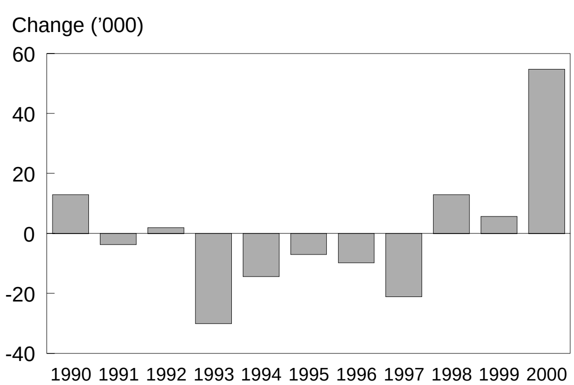
Chart M: After four years of strong growth, private sector paid jobs finally surpassed their pre-recession peak.



Source: Labour Force Survey, seasonally adjusted

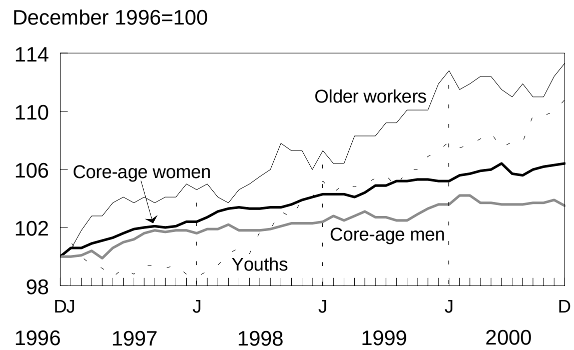
Youths saw the next largest employment gain, with an increase of 90,000 (4%). The bulk of this increase was in retail trade. Their employment rate grew 1.8 percentage points, to 57.4%. Over the last three years, the percentage of youths with a job has increased over 6 points, more than that of any other group. Even with these strong gains, the youth employment rate remains almost 7 percentage points lower than its peak in the late 1980s.

Chart N: After years of decline or little growth, employment in hospitals rose strongly in 2000.



Source: Labour Force Survey, unadjusted December levels

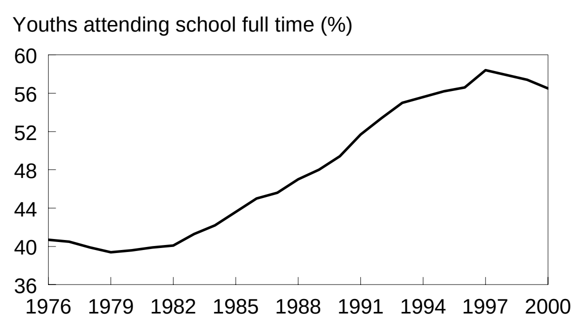
Chart O: The employment rate grew most for youths and core-age women.



Source: Labour Force Survey, seasonally adjusted

As mentioned earlier, the unemployment rate was close to 6.8% throughout 2000, influenced by rising labour market participation. Much of this additional activity came from youths as school attendance fell. For the first time since 1979, the percentage of young people attending school full time dropped for three consecutive years. In 2000, 56% of youths attended school full time, down a full percentage point from the year before (Chart P).

Chart P: Full-time school attendance has fallen in recent years, perhaps because of added labour market participation.



Source: Labour Force Survey, eight-month average excluding May to August

Following a gain of 134,000 (2%) in 1999, employment growth among core-age men slowed to 58,000 (1%). Smaller employment gains in manufacturing, along with the decline in agriculture, contributed to the slowdown. The increase was not enough to keep pace with their population growth, leading to a slight drop in their employment rate (at 85.7%, still higher than any other group's).

The 56,000 increase in employment among older people was similar to that for core-age men, although the latter group is much larger. An increase of 4% was concentrated among older women in retail outlets and hospitals. Almost one-quarter of all people 55 or older were working in 2000, a rate last seen at the start of the 1990s.

Where were the jobs?

Employment rose in almost every province, especially Ontario, the largest. Moreover, although 40% of all employment was in that province, 60% of the increase occurred there. Also gaining disproportionately were Alberta, British Columbia and the three Maritime provinces (Table 2).

Ontario continued to steam ahead

While manufacturing employment slowed in the rest of the country, it continued to improve at a strong pace in Ontario, jumping 78,000 (7%). With the increase in manufacturing and gains in parts of the service sector, employment rose by 186,000 over the year, an increase of 3.2%. Over the last four years, employment growth in the province averaged 3.4% per year.

The strong job increase was enough to raise Ontario's employment rate 0.8 percentage points, but a surge in labour force participation actually led to an increase in the unemployment rate. By the end of the year, the unemployment rate in Ontario was 6.0%, half a percentage point higher than at the start of the year.

The two largest cities in Ontario—Toronto and Ottawa—saw the greatest gains. Compared with the year before, an additional 119,000 people worked in Toronto, an increase of 5%. In Ottawa, 22,000 more people were employed—a growth rate of 4%. The gain in manufacturing contributed strongly to the growth in these two cities, as it did in communities like Windsor, St. Catharines-Niagara, Kitchener-Waterloo and London.

Slower growth in Quebec but low unemployment

Following three years of gains averaging 3%, employment growth in Quebec slowed in 2000. Compared with the start of the year, 26,000 (1%) more people were employed in December, just enough to keep pace with population growth. Unemployment remained at historically low levels. By the end of the year, the unemployment rate had slipped to 8.0%, for the first time since early 1976 (Chart Q).

Gains in Vancouver pushed B.C. employment upwards

The next most populous province, British Columbia, saw a 2% increase in employment. By the end of the year, some 44,000 more people were working, pushing the employment rate up 0.6 percentage points to 60.6% and pulling the unemployment rate down to 7.1% from 7.8% at the end of 1999.

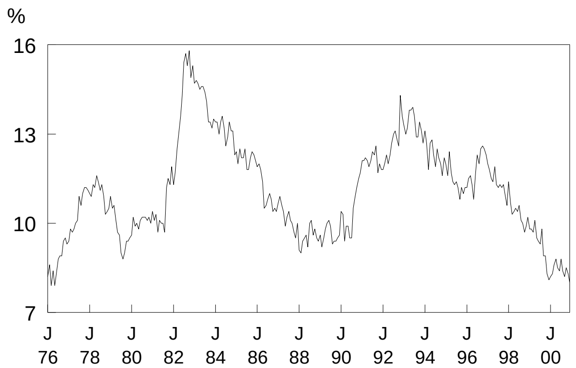
The strength of the British Columbia labour market was a reflection of improvements in Vancouver. Increased food and accommodation, and information, culture and recreation work helped lower the unemployment rate to

Table 2: Employment in 2000

	Annual average	Change from 1999		December	Change from December 1999	
	'000	'000	%	'000	'000	%
Canada	**14,909.7**	***378.5***	***2.6***	**15,066.7**	***319.2***	***2.2***
Newfoundland	204.5	*-0.4*	*-0.2*	204.7	*-6.5*	*-3.1*
Prince Edward Island	64.5	*3.2*	*5.2*	65.3	*1.6*	*2.5*
Nova Scotia	419.5	*10.9*	*2.7*	425.6	*11.7*	*2.8*
New Brunswick	334.4	*6.0*	*1.8*	338.3	*8.9*	*2.7*
Quebec	3,437.7	*80.3*	*2.4*	3,451.4	*25.8*	*0.8*
Ontario	5,872.1	*184.0*	*3.2*	5,960.4	*186.4*	*3.2*
Manitoba	554.4	*11.7*	*2.2*	556.3	*10.3*	*1.9*
Saskatchewan	485.0	*4.9*	*1.0*	479.2	*-4.7*	*-1.0*
Alberta	1,588.2	*34.9*	*2.2*	1,613.0	*41.3*	*2.6*
British Columbia	1,949.1	*42.7*	*2.2*	1,972.5	*44.3*	*2.3*

Source: Labour Force Survey, seasonally adjusted December levels

Chart Q: For the first time in more than 20 years, the unemployment rate in Quebec dipped to 8.0%.



Source: Labour Force Survey, seasonally adjusted

5.8% by December, less than Toronto's (6.1%) or Montréal's (7.8%). Throughout the year, the employment rate rose in Vancouver, hitting 62.8% in December, 1.7 percentage points higher than at the start of the year (Chart R).

Continued growth in Alberta

Of all the provinces, Alberta has had the steadiest and most prolonged increase in employment. The year 2000 marked the eighth consecutive year of growth in excess of 2%. By the end of the year, employment was up 41,000 (3%), owing to increases in accommodation and food, construction and manufacturing. This job growth pushed the unemployment rate to 4.8% by December, 0.6 percentage points lower than a year earlier.

While employment has increased in both Calgary and Edmonton in recent years, it has grown at a faster rate in Calgary. In the mid-1990s, more people worked in Edmonton; by 2000, some 58,000 (11%) more were working in Calgary. In the last six years, its largest gains have been in professional, scientific and technical services and manufacturing.

Stronger employment rate increase in Manitoba

With gains in manufacturing and information, culture and recreation, employment grew 10,000 (2%) in Manitoba in 2000. With working-age population growth of only 0.7% (almost half the national rate), the employment rate ended the year at 64.6%, an increase of 0.7 percentage points. At 4.9% in December, the low unemployment rate in Manitoba was second only to that of Alberta.

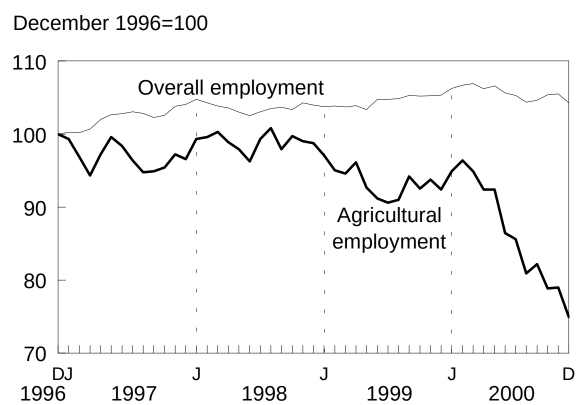
Agriculture led the employment loss in Saskatchewan

For the second consecutive year, farm employment fell in Saskatchewan (Chart S). In 2000, however, the decline of 13,000 (almost 19%) was much larger. One

Chart R: Vancouver's employment rate rose almost two percentage points in 2000.

Source: Labour Force Survey, seasonally adjusted

Chart S: Farm work in Saskatchewan slid, pulling down overall employment.



Source: Labour Force Survey, seasonally adjusted

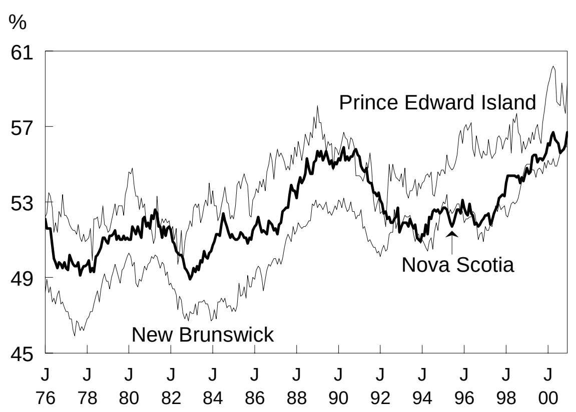
in 10 employed people in Saskatchewan worked on a farm, more than any other province. Therefore, with the decline in agriculture, it is no surprise that overall employment in the province dipped by 5,000 (1%).

Growth continued in the Maritimes

In Nova Scotia, New Brunswick and Prince Edward Island, job growth was above 2.5%. By the end of the year, the proportion of the population with a job was 59.3% in Prince Edward Island, 56.7% in Nova Scotia and 55.9% in New Brunswick. While still low relative to the rest of the country, employment rates in each of these provinces hit all-time highs in 2000 (Chart T).

Newfoundland was the only province in the East where employment fell. Compared with the end of 1999, some 7,000 fewer people were working in Newfoundland, a decline of 3%. The loss in 2000, however, came on the heels of strong growth in the previous three years. Since 1996, when employment began to increase at the national level, employment in Newfoundland has increased by 10.9%, not far behind the 11.5% growth nationally.

Chart T: Employment rates in the Maritimes reached all-time highs in 2000.



Source: Labour Force Survey, seasonally adjusted

Notes

1 Employment actually fell in January 1998 but this was a non-economic, temporary downturn brought on by the ice storm that hit western Quebec and eastern Ontario.

2 A recent study noted that employment in the gambling industry has been increasing for a number of years (Marshall, 2000).

3 Longer-term trends could not be compared in this section. Owing to changes in occupation coding, the Labour Force Survey data from June 1999 onward are not comparable with prior data.

4 Human Resources Development Canada (HRDC) has assigned a skill level to each detailed occupation within its National Occupational Classification System (NOC). By linking the NOC code with the Standard Occupational Classification code used by Statistics Canada, one can tabulate LFS data according to skill level. For more information on the NOC and HRDC skill levels, see www.hrdc-drhc.gc.ca, then "National Occupational Classification."

5 Class of worker refers only to a person's main job.

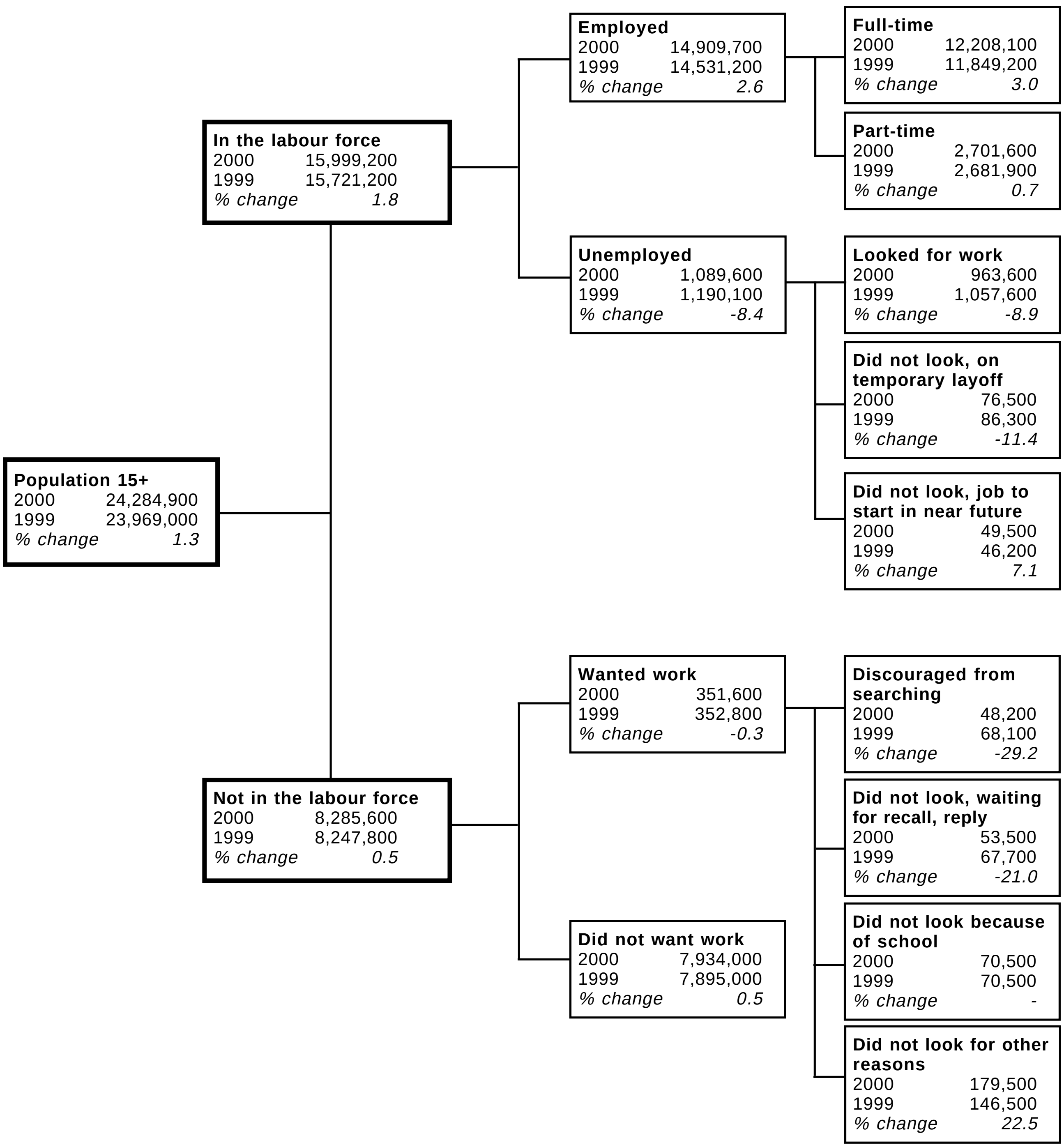
References

Marshall, K. "Update on gambling." *Perspectives on Labour and Income* (Statistics Canada, Catalogue no. 75-001-XPE) 12, no.1 (Spring 2000): 29-35.

Picot, G. and A. Heisz. "The labour market in the 1990s." *Canadian Economic Observer* (Statistics Canada, Catalogue no. 11-010-XPB) 13, no. 2 (February 2000): 3.8-3.17.

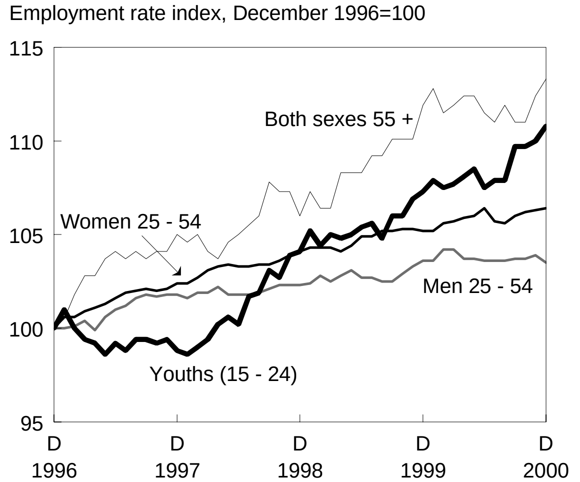
Statistics Canada. *Canadian Economic Observer* (Catalogue no. 11-010-XPB) 13, no.9 (September 2000).

Labour force status of Canada's working-age population



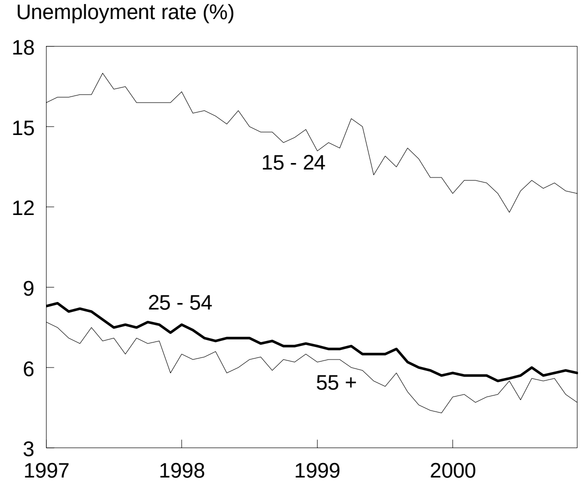
Source: Labour Force Survey, annual averages

In 2000, the employment rates for youths and core-age women increased the most.



Source: Labour Force Survey, seasonally adjusted

The youth unemployment rate, albeit still much higher than that of adults, continued its downward trend.



Source: Labour Force Survey, seasonally adjusted

In percentage terms, employment growth outpaced population growth for all but core-age men.

	December level			December-to-December change			
	1996	1999	2000	1996 to 2000	1999 to 2000	1996 to 2000	1999 to 2000
	'000			'000		%	
Population 15 +	**23,178.7**	**24,111.4**	**24,435.3**	***1,256.6***	***323.9***	***5.4***	***1.3***
Youths (15 - 24)	3,946.3	4,052.2	4,084.1	*137.8*	*31.9*	*3.5*	*0.8*
Men 25 - 54	6,663.5	6,871.8	6,950.2	*286.7*	*78.4*	*4.3*	*1.1*
Women 25 - 54	6,686.4	6,889.6	6,955.5	*269.1*	*65.9*	*4.0*	*1.0*
Both sexes 55 +	5,882.6	6,297.8	6,445.5	*562.9*	*147.7*	*9.6*	*2.3*
Employment 15 +	**13,518.7**	**14,747.5**	**15,066.7**	***1,548.0***	***319.2***	***11.5***	***2.2***
Youths (15 - 24)	2,042.5	2,254.1	2,344.4	*301.9*	*90.3*	*14.8*	*4.0*
Men 25 - 54	5,519.8	5,895.7	5,954.1	*434.3*	*58.4*	*7.9*	*1.0*
Women 25 - 54	4,674.0	5,062.8	5,177.5	*503.5*	*114.7*	*10.8*	*2.3*
Both sexes 55 +	1,282.4	1,534.8	1,590.7	*308.3*	*55.9*	*24.0*	*3.6*
Unemployment 15 +	**1,459.6**	**1,074.9**	**1,103.7**	***-355.9***	***28.8***	***-24.4***	***2.7***
Youths (15 - 24)	384.2	340.0	335.6	*-48.6*	*-4.4*	*-12.6*	*-1.3*
Men 25 - 54	530.0	362.9	366.8	*-163.2*	*3.9*	*-30.8*	*1.1*
Women 25 - 54	435.0	302.2	323.5	*-111.5*	*21.3*	*-25.6*	*7.0*
Both sexes 55 +	110.4	69.7	78.0	*-32.4*	*8.3*	*-29.3*	*11.9*

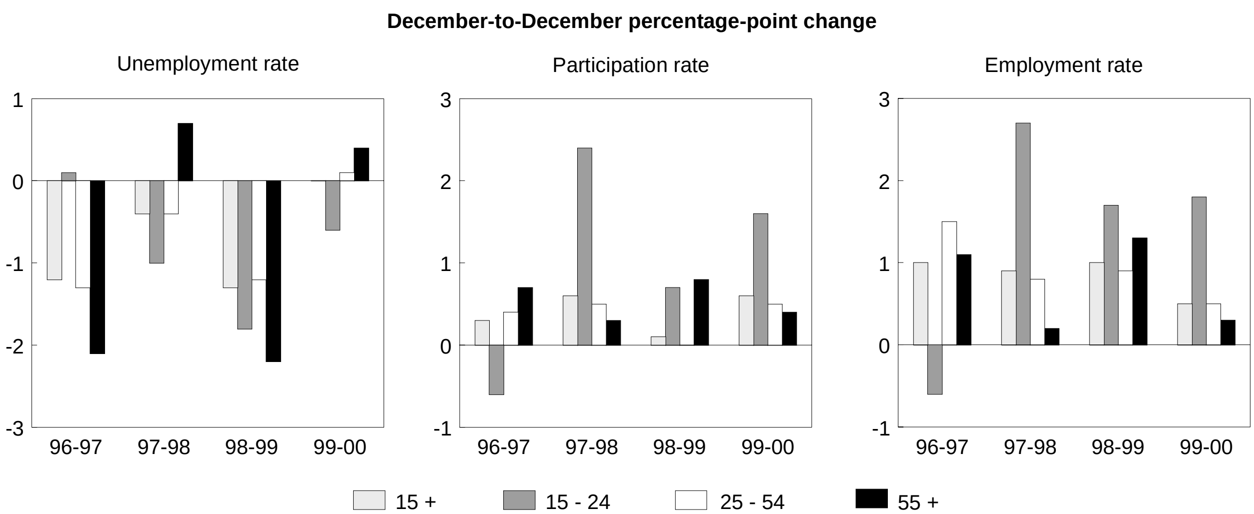
Source: Labour Force Survey, seasonally adjusted

Rising labour force participation has nudged up unemployment rates for older persons and core-age women.

	December level			December-to-December change	
	1996	1999	2000	1996 to 2000	1999 to 2000
		%		%-point	
Unemployment rate 15 +	**9.7**	**6.8**	**6.8**	***-2.9***	**-**
Youths (15 - 24)	15.8	13.1	12.5	*-3.3*	*-0.6*
Men 25 - 54	8.8	5.8	5.8	*-3.0*	-
Women 25 - 54	8.5	5.6	5.9	*-2.6*	*0.3*
Both sexes 55 +	7.9	4.3	4.7	*-3.2*	*0.4*
Participation rate 15 +	**64.6**	**65.6**	**66.2**	***1.6***	***0.6***
Youths (15 - 24)	61.5	64.0	65.6	*4.1*	*1.6*
Men 25 - 54	90.8	91.1	90.9	*0.1*	*-0.2*
Women 25 - 54	76.4	77.9	79.1	*2.7*	*1.2*
Both sexes 55 +	23.7	25.5	25.9	*2.2*	*0.4*
Employment rate 15 +	**58.3**	**61.2**	**61.7**	***3.4***	***0.5***
Youths (15 - 24)	51.8	55.6	57.4	*5.6*	*1.8*
Men 25 - 54	82.8	85.8	85.7	*2.9*	*-0.1*
Women 25 - 54	69.9	73.5	74.4	*4.5*	*0.9*
Both sexes 55 +	21.8	24.4	24.7	*2.9*	*0.3*

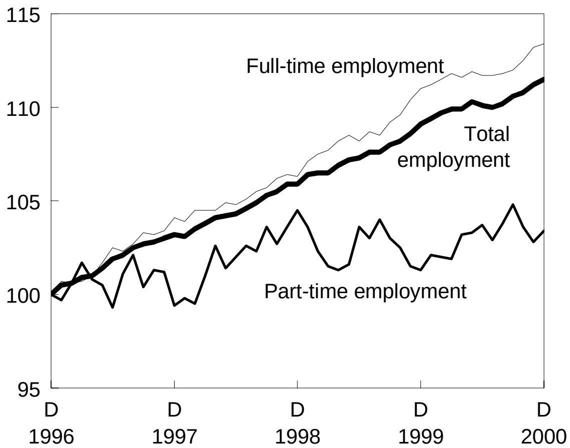
Source: Labour Force Survey, seasonally adjusted

For three years in a row, youth employment rates have increased the most.



Source: Labour Force Survey, seasonally adjusted

In the long term, full-time employment growth has far exceeded part-time, but in 2000, full- and part-time growth rates were almost the same.

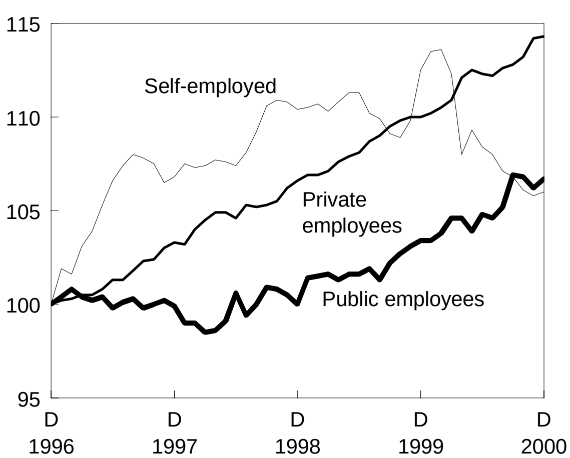


Source: Labour Force Survey, seasonally adjusted

	Employment	Full-time	Part-time
		'000	
December level			
1996	13,518.7	10,899.8	2,618.8
1999	14,747.5	12,095.4	2,652.1
2000	15,066.7	12,358.7	2,708.0
Absolute change			
1996 to 2000	*1,548.0*	*1,458.9*	*89.2*
1999 to 2000	*319.2*	*263.3*	*55.9*
		%	
Percentage change			
1996 to 2000	*11.5*	*13.4*	*3.4*
1999 to 2000	*2.2*	*2.2*	*2.1*

Source: Labour Force Survey, seasonally adjusted

For the first time since 1986, self-employment fell in 2000.

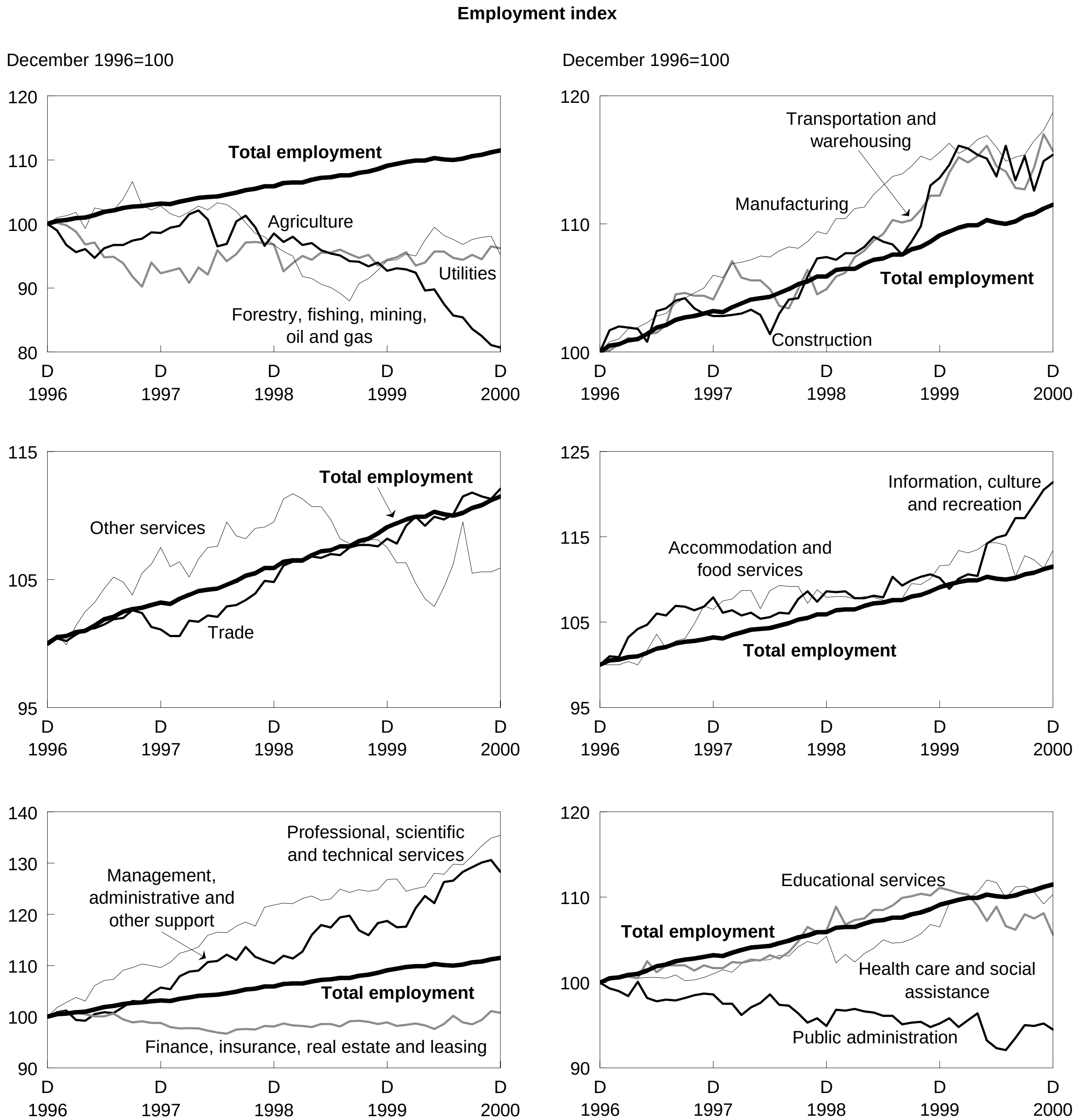


Source: Labour Force Survey, seasonally adjusted

	Total employment	Employees		Self-employed
		Public	Private	
		'000		
December level				
1996	13,518.7	2,655.3	8,633.4	2,230.0
1999	14,747.5	2,745.0	9,493.5	2,509.0
2000	15,066.7	2,833.5	9,869.9	2,363.3
Absolute change				
1996 to 2000	*1,548.0*	*178.2*	*1,236.5*	*133.3*
1999 to 2000	*319.2*	*88.5*	*376.4*	*-145.7*
		%		
Percentage change				
1996 to 2000	*11.5*	*6.7*	*14.3*	*6.0*
1999 to 2000	*2.2*	*3.2*	*4.0*	*-5.8*

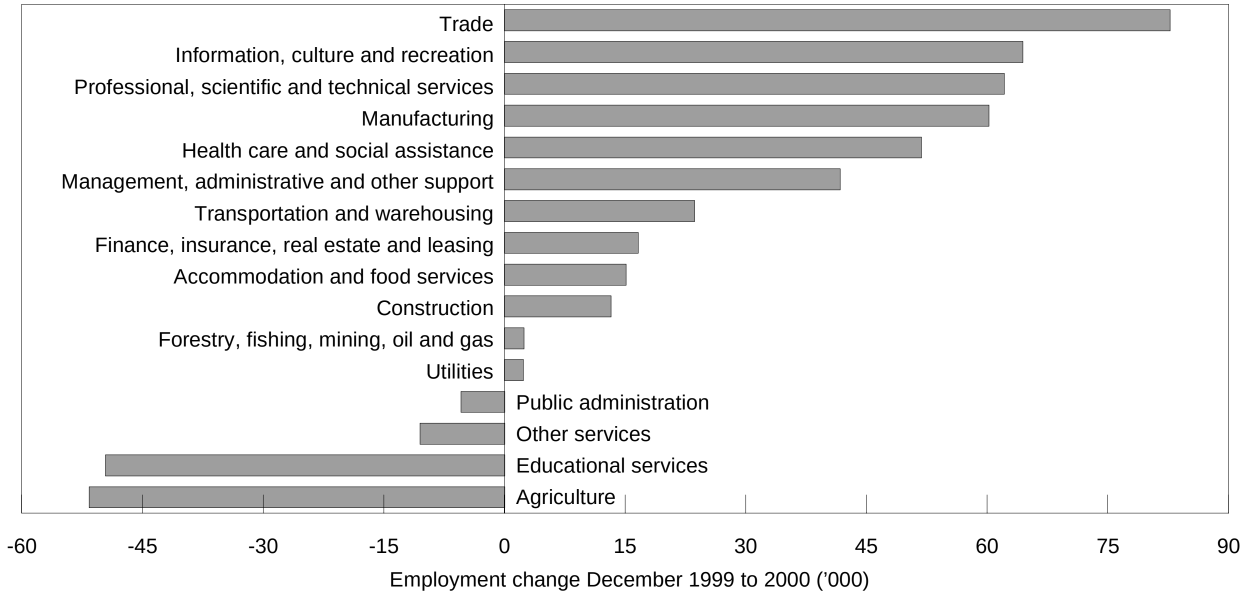
Source: Labour Force Survey, seasonally adjusted

Over the last four years, employment growth has been strong in both manufacturing and trade, Canada's two largest industries. In 2000, gains were also significant in professional, scientific and technical services, and information, culture and recreation, among others.



Source: Labour Force Survey, seasonally adjusted

The top three growth industries in 2000 were in the service sector.

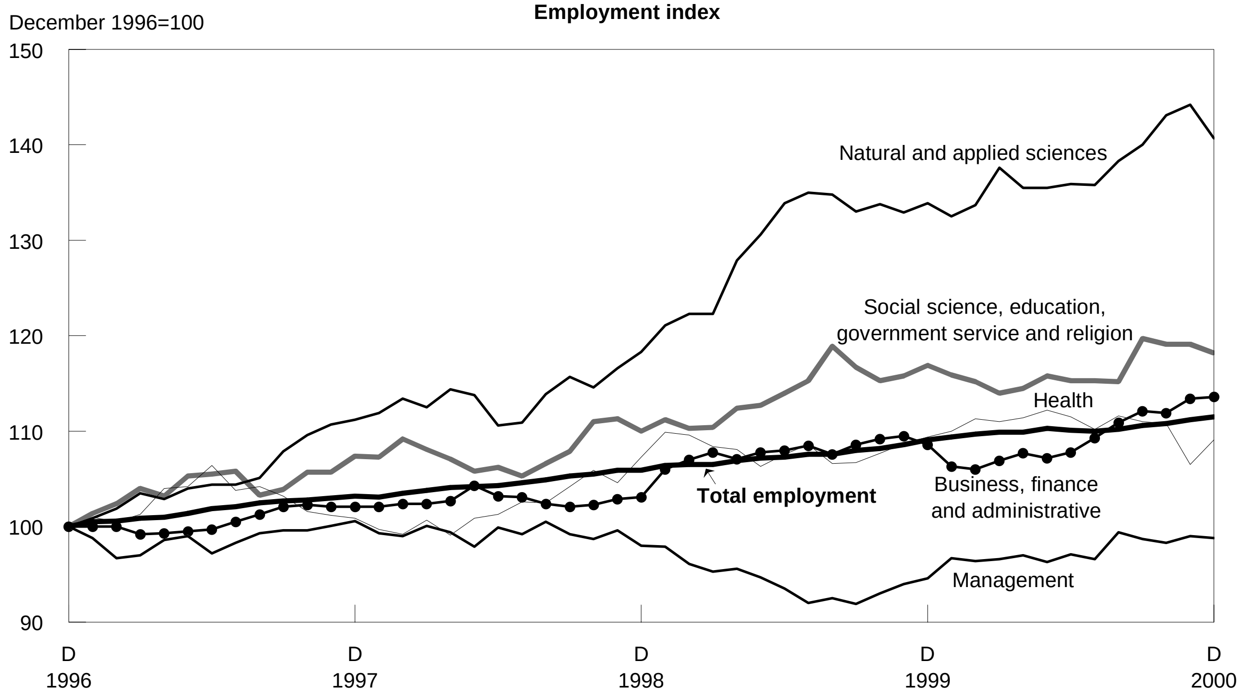


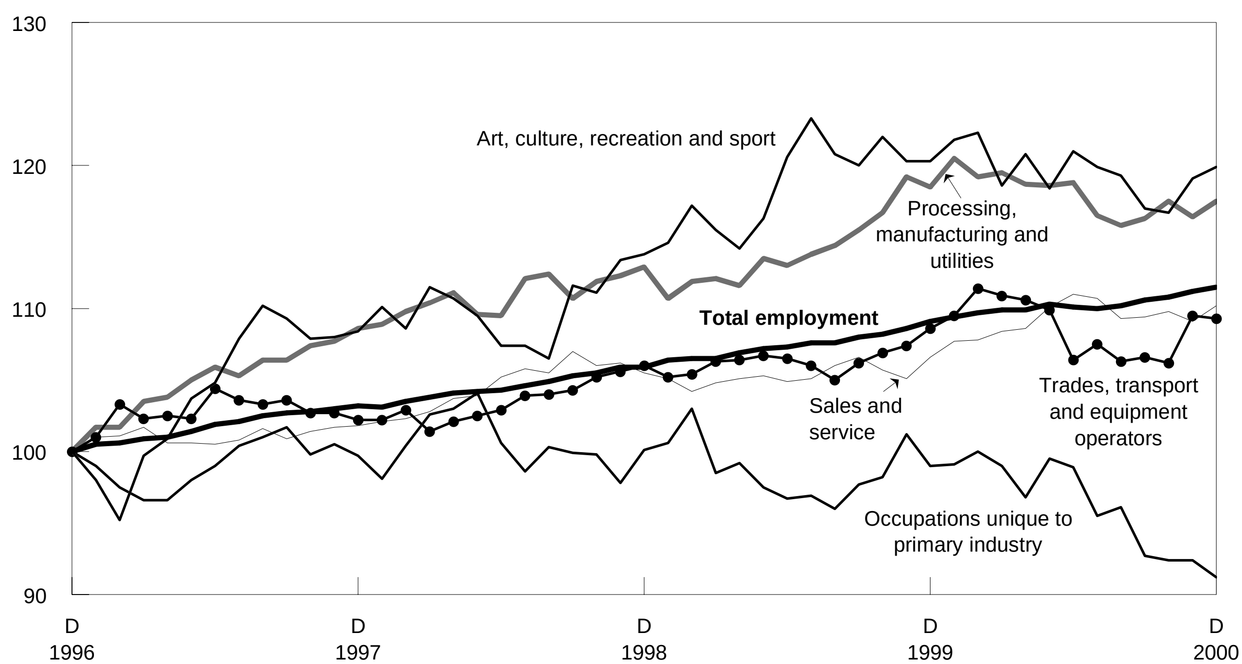
Source: Labour Force Survey, seasonally adjusted

	December level			December-to-December change			
	1996	1999	2000	1996 to 2000	1999 to 2000	1996 to 2000	1999 to 2000
		'000		'000		%	
All industries	**13,518.7**	**14,747.5**	**15,066.7**	***1,548.0***	***319.2***	***11.5***	***2.2***
Goods-producing	3,517.1	3,865.3	3,891.8	*374.7*	*26.5*	*10.7*	*0.7*
Agriculture	430.7	399.1	347.5	*-83.2*	*-51.6*	*-19.3*	*-12.9*
Forestry, fishing, mining, oil and gas	291.8	275.3	277.7	*-14.1*	*2.4*	*-4.8*	*0.9*
Utilities	122.3	115.4	117.7	*-4.6*	*2.3*	*-3.8*	*2.0*
Construction	711.0	807.4	820.6	*109.6*	*13.2*	*15.4*	*1.6*
Manufacturing	1,961.3	2,268.2	2,328.4	*367.1*	*60.2*	*18.7*	*2.7*
Services-producing	10,001.6	10,882.2	11,174.9	*1,173.3*	*292.7*	*11.7*	*2.7*
Trade	2,100.0	2,271.7	2,354.4	*254.4*	*82.7*	*12.1*	*3.6*
Transportation and warehousing	681.0	764.2	787.8	*106.8*	*23.6*	*15.7*	*3.1*
Finance, insurance, real estate and leasing	875.1	865.3	881.9	*6.8*	*16.6*	*0.8*	*1.9*
Professional, scientific and technical services	730.4	926.5	988.6	*258.2*	*62.1*	*35.4*	*6.7*
Management, administrative and other support	436.0	517.5	559.2	*123.2*	*41.7*	*28.3*	*8.1*
Educational services	901.4	1,001.7	952.1	*50.7*	*-49.6*	*5.6*	*-5.0*
Health care and social assistance	1,382.0	1,471.9	1,523.7	*141.7*	*51.8*	*10.3*	*3.5*
Information, culture and recreation	577.2	636.2	700.6	*123.4*	*64.4*	*21.4*	*10.1*
Accommodation and food services	851.9	950.6	965.7	*113.8*	*15.1*	*13.4*	*1.6*
Other services	659.7	708.9	698.4	*38.7*	*-10.5*	*5.9*	*-1.5*
Public administration	806.9	767.8	762.4	*-44.5*	*-5.4*	*-5.5*	*-0.7*

Source: Labour Force Survey, seasonally adjusted

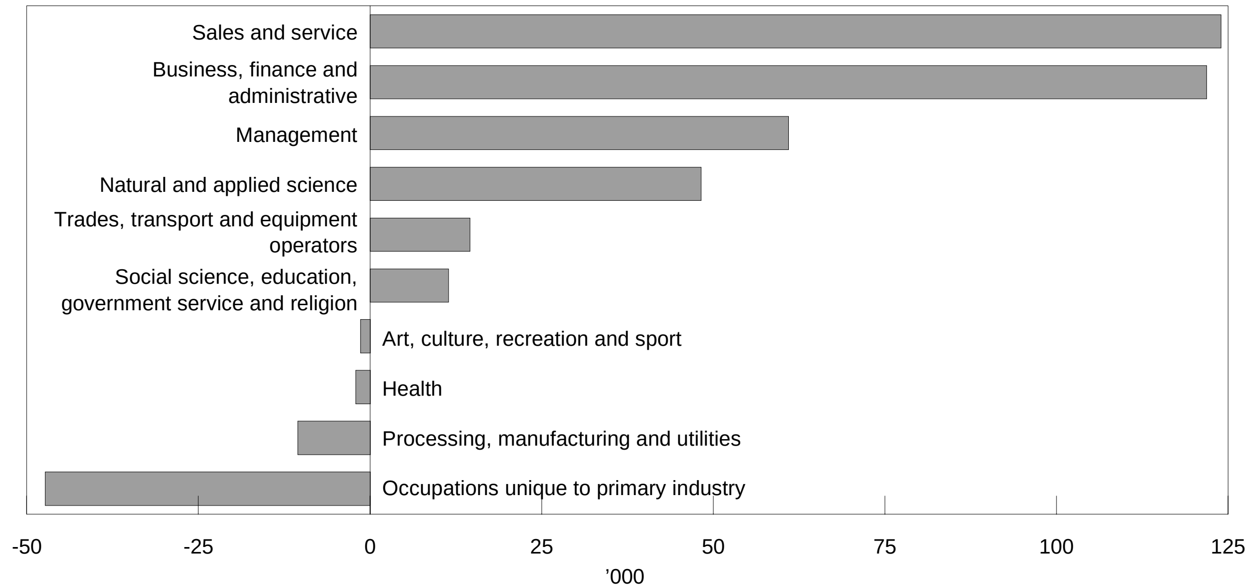
Over the last four years, natural and applied science occupations increased the most in percentage terms. This group includes computer programmers, systems analysts and computer engineers.





Source: Labour Force Survey, seasonally adjusted

With gains in the service industries, sales and service occupations, as well as business, finance and administrative jobs, increased the most. The largest decline occurred in occupations unique to primary industry, related to the drop in agriculture.

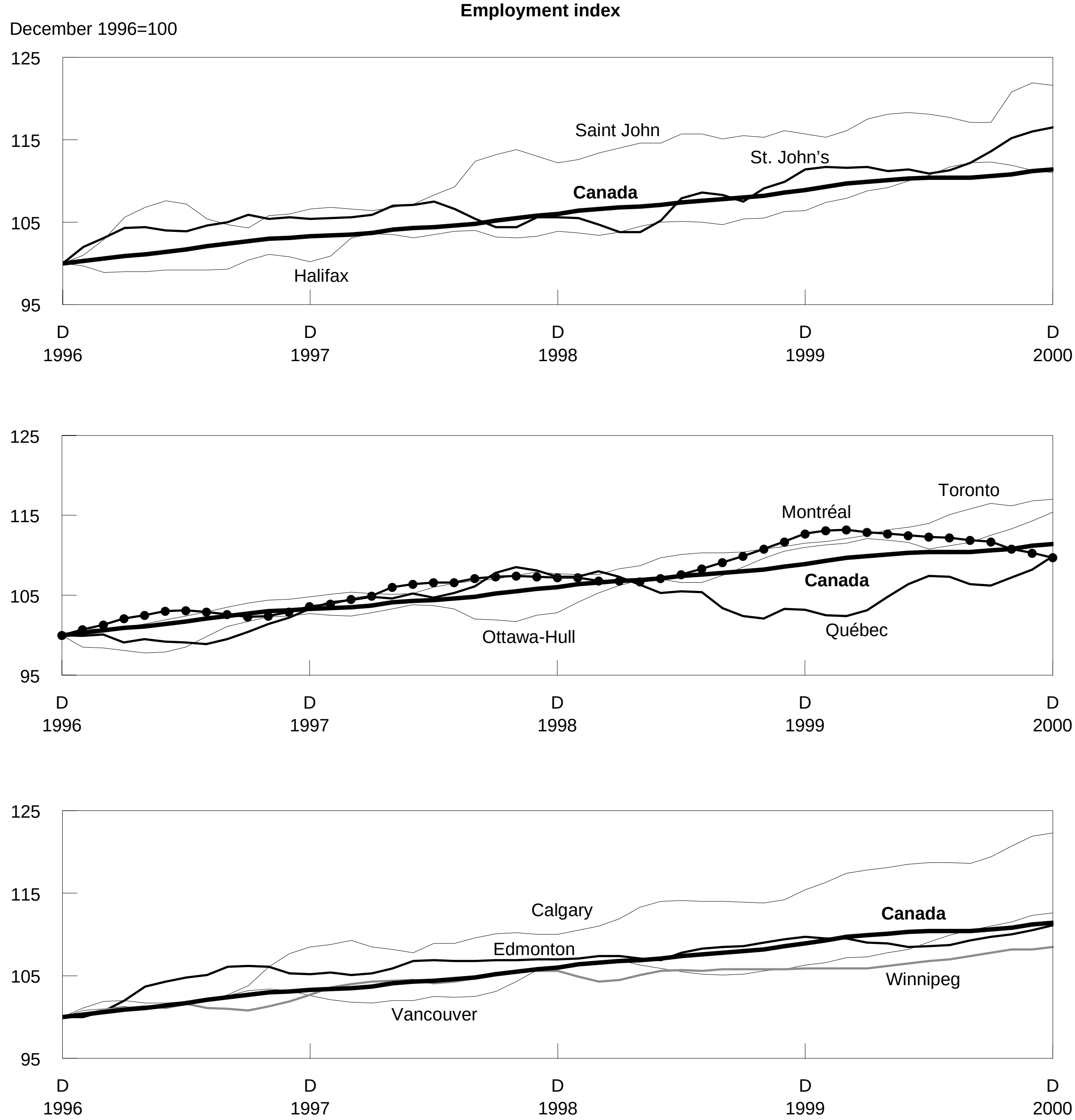


Source: Labour Force Survey, seasonally adjusted

	December level			December-to-December change			
	1996	1999	2000	1996 to 2000	1999 to 2000	1996 to 2000	1999 to 2000
		'000		'000		%	
All occupations	**13,518.7**	**14,747.5**	**15,066.7**	***1,548.0***	***319.2***	***11.5***	***2.2***
Management	1,467.4	1,388.2	1,449.1	*-18.3*	*60.9*	*-1.2*	*4.4*
Business, finance and administrative	2,415.2	2,623.0	2,744.8	*329.6*	*121.8*	*13.6*	*4.6*
Natural and applied sciences	701.8	939.4	987.6	*285.8*	*48.2*	*40.7*	*5.1*
Health	706.9	773.6	771.5	*64.6*	*-2.1*	*9.1*	*-0.3*
Social science, education, government service and religion	869.9	1,016.7	1,028.1	*158.2*	*11.4*	*18.2*	*1.1*
Art, culture, recreation and sport	349.3	420.1	418.7	*69.4*	*-1.4*	*19.9*	*-0.3*
Sales and service	3,404.1	3,628.0	3,751.9	*347.8*	*123.9*	*10.2*	*3.4*
Trades, transport and equipment operators	1,962.4	2,130.4	2,144.9	*182.5*	*14.5*	*9.3*	*0.7*
Occupations unique to primary industry	603.7	597.9	550.6	*-53.1*	*-47.3*	*-8.8*	*-7.9*
Processing, manufacturing and utilities	1,038.0	1,230.0	1,219.5	*181.5*	*-10.5*	*17.5*	*-0.9*

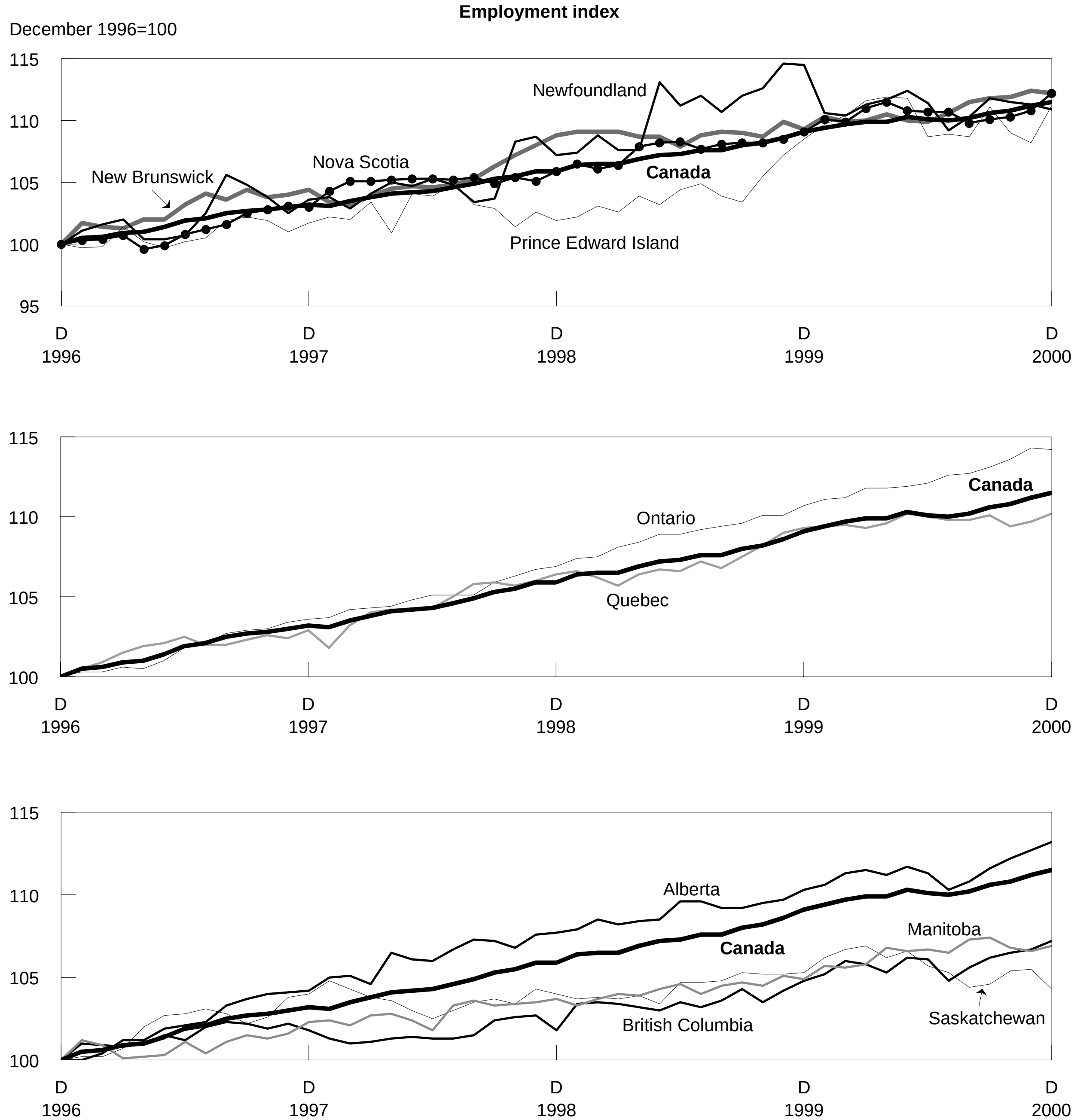
Source: Labour Force Survey, seasonally adjusted

Since the strong upward trend began in 1997, employment in the largest three cities in the Atlantic region has increased at or above the national level.



Source: Labour Force Survey, seasonally adjusted, three-month moving average

In percentage terms, job growth was strongest in Ontario in 2000.



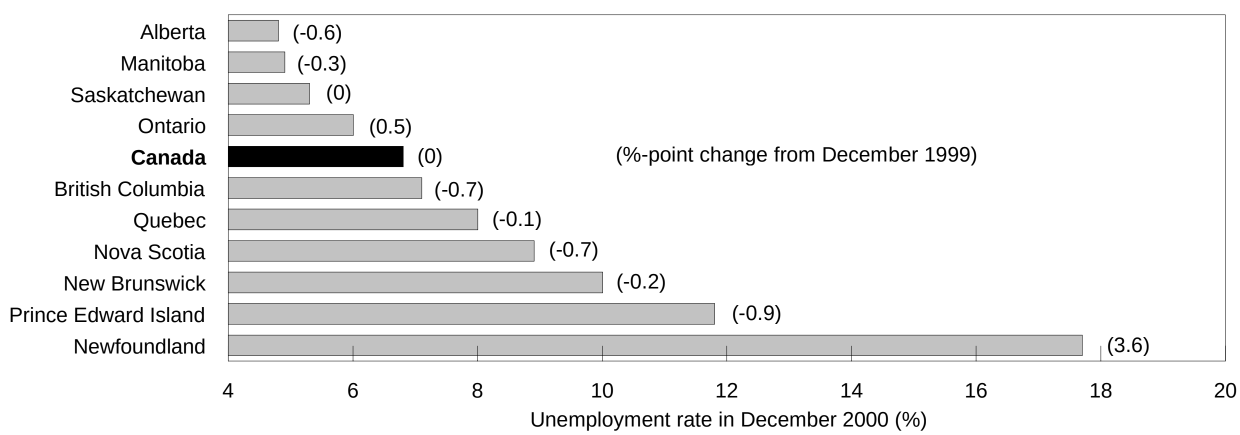
Source: Labour Force Survey, seasonally adjusted

Almost 6 in 10 newly employed people lived in Ontario.

	December level			December-to-December change			
	1996	1999	2000	1996 to 2000	1999 to 2000	1996 to 2000	1999 to 2000
	'000			'000		%	
Employed							
Canada	**13,518.7**	**14,747.5**	**15,066.7**	***1,548.0***	***319.2***	***11.5***	***2.2***
Newfoundland	184.5	211.2	204.7	*20.2*	*-6.5*	*10.9*	*-3.1*
Prince Edward Island	58.7	63.7	65.3	*6.6*	*1.6*	*11.2*	*2.5*
Nova Scotia	379.3	413.9	425.6	*46.3*	*11.7*	*12.2*	*2.8*
New Brunswick	301.4	329.4	338.3	*36.9*	*8.9*	*12.2*	*2.7*
Quebec	3,133.0	3,425.6	3,451.4	*318.4*	*25.8*	*10.2*	*0.8*
Ontario	5,217.5	5,774.0	5,960.4	*742.9*	*186.4*	*14.2*	*3.2*
Manitoba	520.4	546.0	556.3	*35.9*	*10.3*	*6.9*	*1.9*
Saskatchewan	459.5	483.9	479.2	*19.7*	*-4.7*	*4.3*	*-1.0*
Alberta	1,424.3	1,571.7	1,613.0	*188.7*	*41.3*	*13.2*	*2.6*
British Columbia	1,840.0	1,928.2	1,972.5	*132.5*	*44.3*	*7.2*	*2.3*
Unemployed							
Canada	**1,459.6**	**1,074.9**	**1,103.7**	***-355.9***	***28.8***	***-24.4***	***2.7***
Newfoundland	48.5	34.6	43.9	*-4.6*	*9.3*	*-9.5*	*26.9*
Prince Edward Island	11.0	9.3	8.7	*-2.3*	*-0.6*	*-20.9*	*-6.5*
Nova Scotia	53.8	44.1	41.8	*-12.0*	*-2.3*	*-22.3*	*-5.2*
New Brunswick	44.8	37.3	37.4	*-7.4*	*0.1*	*-16.5*	*0.3*
Quebec	438.6	300.9	301.9	*-136.7*	*1.0*	*-31.2*	*0.3*
Ontario	517.5	338.3	382.3	*-135.2*	*44.0*	*-26.1*	*13.0*
Manitoba	41.0	29.7	28.5	*-12.5*	*-1.2*	*-30.5*	*-4.0*
Saskatchewan	28.1	27.1	26.9	*-1.2*	*-0.2*	*-4.3*	*-0.7*
Alberta	92.3	90.3	82.0	*-10.3*	*-8.3*	*-11.2*	*-9.2*
British Columbia	184.0	163.2	150.2	*-33.8*	*-13.0*	*-18.4*	*-8.0*

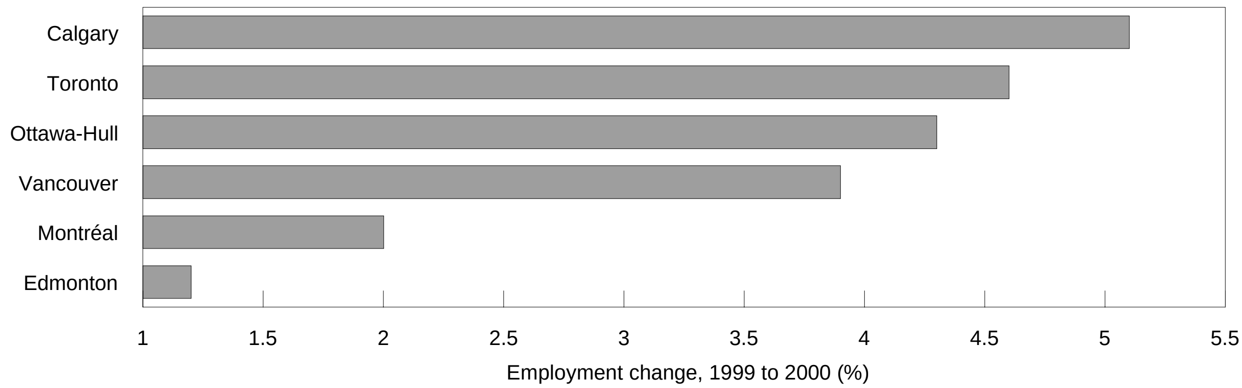
Source: Labour Force Survey, seasonally adjusted

Unemployment rates fell in most provinces in 2000.



Source: Labour Force Survey, seasonally adjusted

Of Canada's largest cities, the average level of employment increased most in Calgary and Toronto.

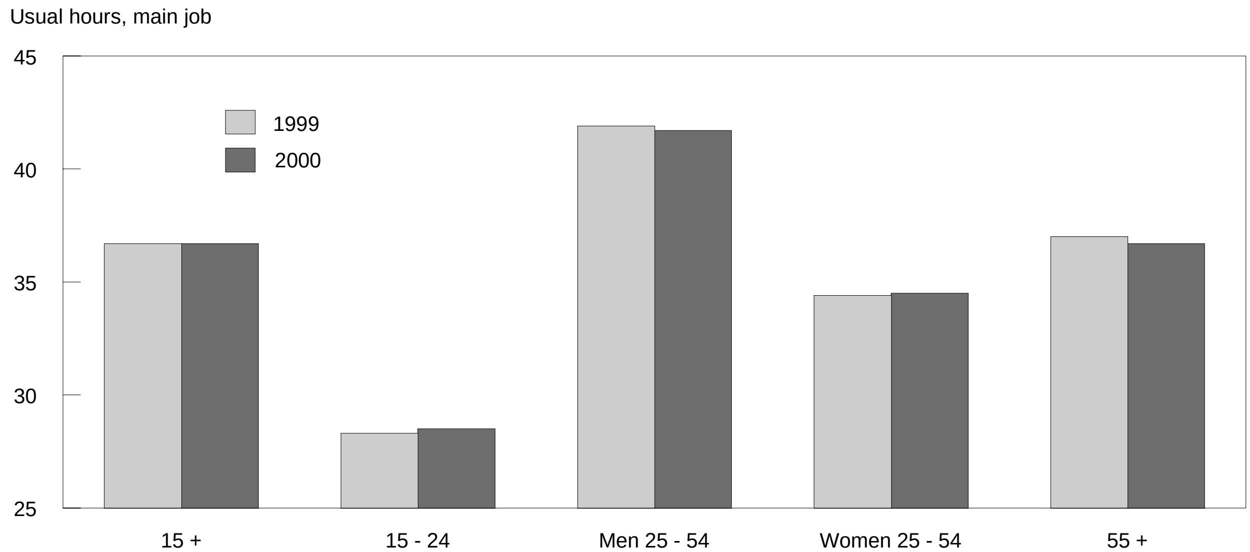


Source: Labour Force Survey, annual averages

	Annual average			Change			
	1996	1999	2000	1996 to 2000	1999 to 2000	1996 to 2000	1999 to 2000
	'000			'000		%	
Canada	**13,462.6**	**14,531.2**	**14,909.7**	***1,447.1***	***378.5***	***10.7***	***2.6***
St. John's	77.0	80.1	84.3	*7.3*	*4.2*	*9.5*	*5.2*
Halifax	164.1	174.8	184.0	*19.9*	*9.2*	*12.1*	*5.3*
Saint John	53.1	59.3	61.0	*8.0*	*1.7*	*15.1*	*2.9*
Chicoutimi-Jonquière	62.1	67.5	67.4	*5.3*	*-0.1*	*8.5*	*-0.1*
Québec	312.1	319.6	326.6	*14.5*	*7.0*	*4.6*	*2.2*
Trois-Rivières	61.4	61.9	62.1	*0.7*	*0.2*	*1.1*	*0.3*
Sherbrooke	66.0	69.6	73.1	*7.1*	*3.5*	*10.8*	*5.0*
Montréal	1,524.3	1,656.2	1,689.9	*165.6*	*33.7*	*10.9*	*2.0*
Ottawa-Hull	496.9	543.8	567.0	*70.1*	*23.2*	*14.1*	*4.3*
Sudbury	73.6	72.0	76.0	*2.4*	*4.0*	*3.3*	*5.6*
Oshawa	130.2	147.8	148.6	*18.4*	*0.8*	*14.1*	*0.5*
Toronto	2,134.7	2,390.8	2,499.8	*365.1*	*109.0*	*17.1*	*4.6*
Hamilton	303.7	325.0	345.3	*41.6*	*20.3*	*13.7*	*6.2*
St. Catharines-Niagara	172.1	178.4	193.2	*21.1*	*14.8*	*12.3*	*8.3*
London	195.1	211.3	218.1	*23.0*	*6.8*	*11.8*	*3.2*
Windsor	135.9	146.2	154.2	*18.3*	*8.0*	*13.5*	*5.5*
Kitchener-Waterloo	199.0	218.8	223.5	*24.5*	*4.7*	*12.3*	*2.1*
Thunder Bay	60.1	60.5	61.2	*1.1*	*0.7*	*1.8*	*1.2*
Winnipeg	330.4	345.7	351.9	*21.5*	*6.2*	*6.5*	*1.8*
Regina	98.5	104.8	104.4	*5.9*	*-0.4*	*6.0*	*-0.4*
Saskatoon	107.0	113.3	116.7	*9.7*	*3.4*	*9.1*	*3.0*
Calgary	452.4	519.3	545.6	*93.2*	*26.3*	*20.6*	*5.1*
Edmonton	440.5	483.1	488.9	*48.4*	*5.8*	*11.0*	*1.2*
Vancouver	948.6	1,005.4	1,044.4	*95.8*	*39.0*	*10.1*	*3.9*
Victoria	143.5	154.2	153.6	*10.1*	*-0.6*	*7.0*	*-0.4*

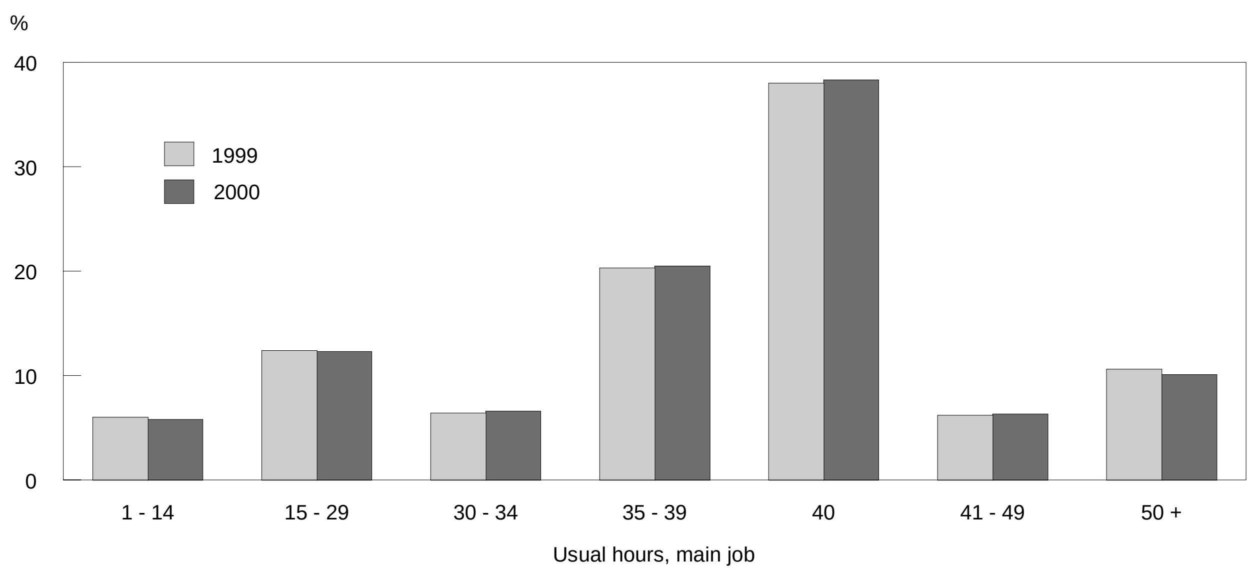
Source: Labour Force Survey

Average usual hours were unchanged in 2000. Over the year, the average work week was 36.7 hours.



Source: Labour Force Survey, annual averages

The distribution of work hours was also stable in 2000. Only 59% of all workers put in the standard 35 to 40 hours per week at their main job.



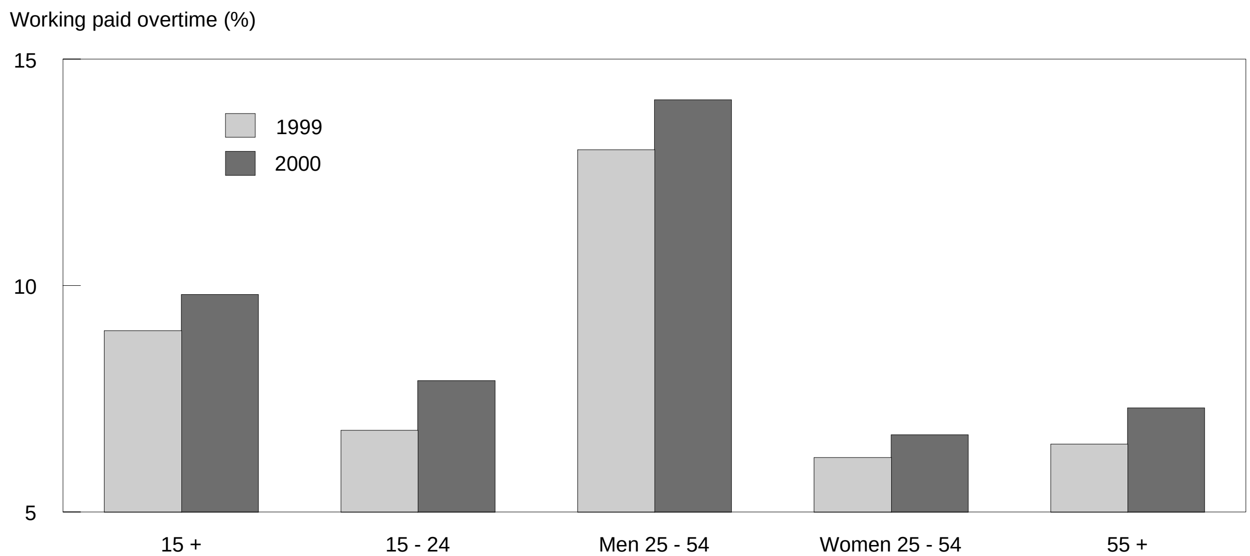
Source: Labour Force Survey, annual averages

Workers in primary industries and occupations worked the longest hours in 2000.

		Usual hours, main job								
	Employed	1-14	15-29	30-34	35-39	40	41-49	50+	Total ('000)	Avg.
	'000									hours
Total	**14,909.7**	**871.5**	**1,830.1**	**984.0**	**3,063.4**	**5,716.9**	**940.8**	**1,503.1**	**547,052.8**	**36.7**
Industry										
Agriculture	372.6	33.0	37.7	25.9	17.0	79.5	26.4	153.2	16,787.4	45.1
Forestry, fishing, mining, oil and gas	283.0	5.8	8.9	6.2	23.0	136.7	33.9	68.5	12,624.3	44.6
Utilities	116.4	-	2.2	5.9	43.0	59.6	2.9	2.4	4,459.2	38.3
Construction	815.6	23.8	44.2	36.9	67.6	400.4	86.2	156.4	33,366.5	40.9
Manufacturing	2,280.2	24.6	53.5	44.2	288.1	1,528.6	232.0	109.2	90,733.5	39.8
Trade	2,318.1	183.2	431.4	174.9	304.3	868.7	151.0	204.5	80,409.3	34.7
Transportation and warehousing	779.8	20.9	67.6	37.1	87.7	342.0	58.0	166.5	32,182.0	41.3
Finance, insurance, real estate and leasing	867.0	31.8	91.6	49.8	333.7	245.7	34.2	80.1	31,956.4	36.9
Professional, scientific and technical services	945.9	40.7	79.9	46.9	222.5	378.4	45.5	132.1	36,265.3	38.3
Management, administrative and other support	546.2	53.1	84.3	50.6	77.2	198.0	35.9	47.3	18,743.0	34.3
Educational services	974.8	94.2	148.4	100.3	288.8	262.3	30.6	50.2	32,008.5	32.8
Health care and social assistance	1,526.4	87.4	309.1	161.4	525.5	300.7	48.9	93.4	51,703.4	33.9
Information, culture and recreation	665.5	67.9	87.8	44.8	169.8	217.3	27.4	50.5	22,732.9	34.2
Accommodation and food services	960.6	118.8	251.9	109.3	104.5	246.4	40.0	89.6	30,551.4	31.8
Other services	695.8	66.8	93.0	59.4	84.7	246.7	57.6	87.6	24,798.9	35.6
Public administration	761.7	19.1	38.5	30.4	426.0	205.8	30.3	11.6	27,730.9	36.4
Occupation										
Management	1,431.7	25.1	57.9	49.6	285.1	561.6	116.9	335.6	61,066.5	42.7
Business, finance and administrative	2,646.4	140.6	305.8	166.4	954.5	902.1	84.6	92.4	92,643.8	35.0
Natural and applied sciences	968.3	13.8	30.2	22.9	329.0	455.1	47.4	69.8	37,882.1	39.1
Health	780.4	34.6	170.1	90.3	256.5	150.7	27.7	50.4	26,586.7	34.1
Social science, education, government service and religion	1,013.6	58.4	133.9	91.7	322.4	280.7	39.8	86.7	35,793.3	35.3
Art, culture, recreation and sport	416.7	63.0	66.2	35.2	81.7	115.7	14.0	40.9	13,474.5	32.3
Sales and service	3,723.0	435.1	883.4	385.4	520.8	1,088.7	184.7	225.0	117,517.4	31.6
Trades, transport and equipment operators	2,130.1	46.6	103.2	81.7	178.3	1,137.8	235.2	347.3	87,624.7	41.1
Occupations unique to primary industry	577.5	40.5	45.8	33.7	27.9	164.6	49.2	215.7	26,053.3	45.1
Processing, manufacturing and utilities	1,221.9	13.7	33.5	27.1	107.1	859.9	141.3	39.3	48,410.5	39.6

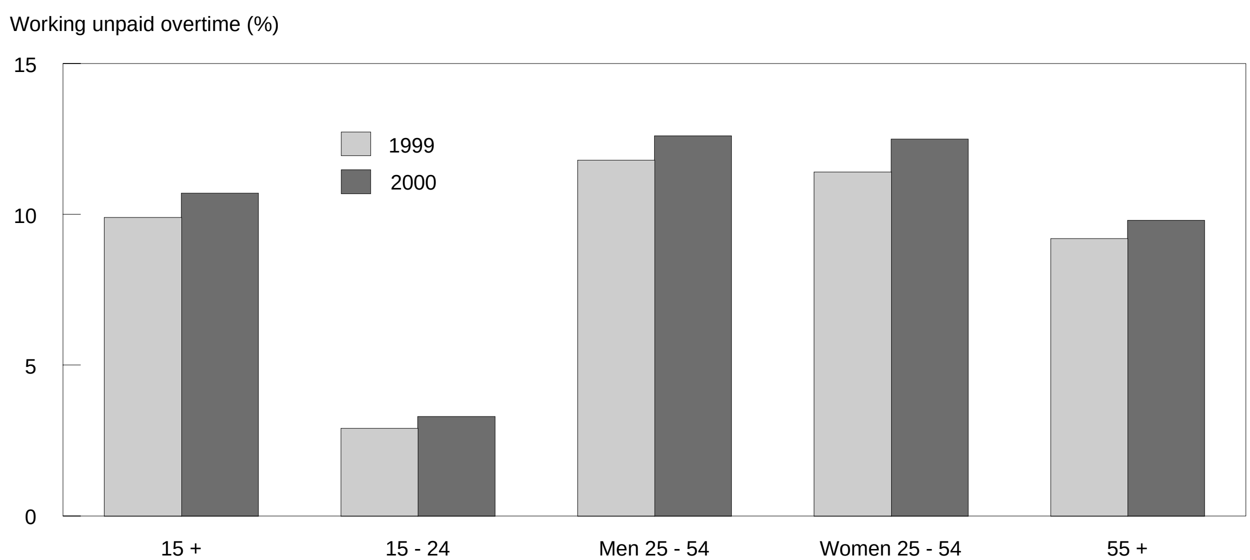
Source: Labour Force Survey, annual averages

In 2000, an average 10% of employees put in paid overtime, up slightly from the year before. The most notable increases were among youths and men aged 25 to 54.



Source: Labour Force Survey, annual averages

Unpaid overtime was also more common in 2000.



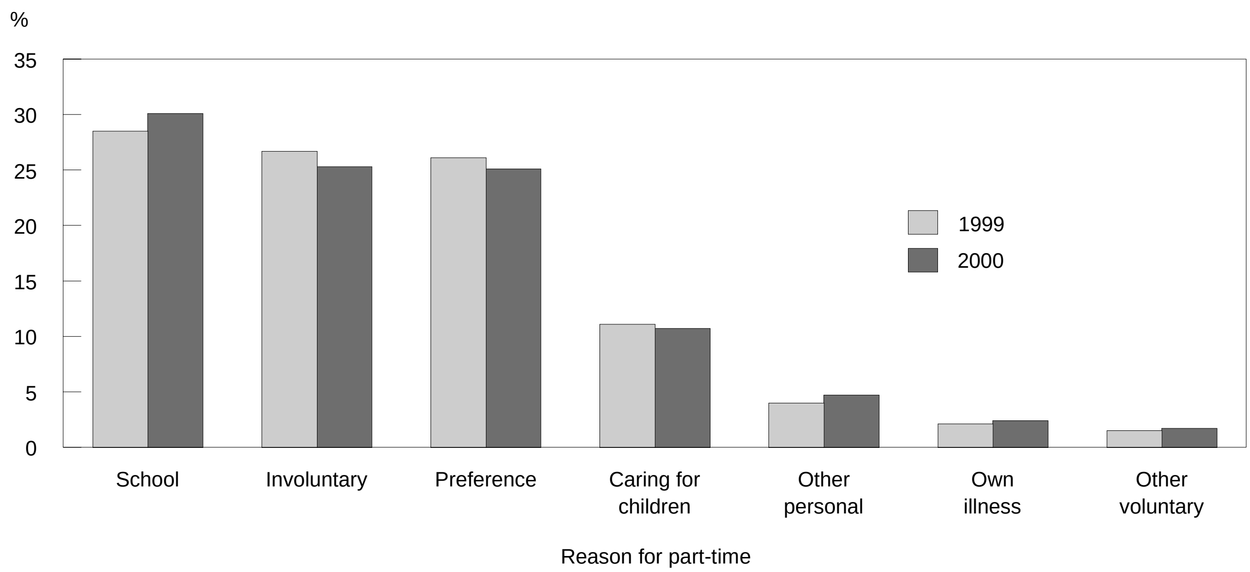
Source: Labour Force Survey, annual averages

While overtime workers in the goods sector tended to be paid for their extra hours, most workers in the service sector were not paid for any extra hours.

	Employees at work		Proportion of workers putting in overtime					
			2000			Change, 1999 to 2000		
	Total	Overtime	Total	Paid	Unpaid	Total	Paid	Unpaid
	'000		%			%-point		
Total	**11,578.5**	**2,301.1**	**19.9**	**9.8**	**10.7**	***1.4***	***0.8***	***0.8***
Industry								
Agriculture	118.0	11.3	9.6	5.7	3.7	-	-	*0.1*
Forestry, fishing, mining, oil and gas	213.6	59.0	27.6	18.9	9.5	*2.3*	*2.7*	*-0.5*
Utilities	106.6	28.8	27.0	17.0	11.4	*2.0*	*1.5*	*0.5*
Construction	511.3	100.8	19.7	15.3	5.2	*2.8*	*2.3*	*0.8*
Manufacturing	2,042.0	518.7	25.4	18.4	7.5	*1.4*	*1.0*	*0.6*
Trade	1,891.3	269.7	14.3	6.9	7.9	*1.2*	*0.5*	*0.9*
Transportation and warehousing	583.9	116.5	20.0	13.7	6.8	*1.7*	*0.9*	*0.9*
Finance, insurance, real estate and leasing	681.5	143.7	21.1	5.9	15.8	*2.1*	*0.6*	*1.6*
Professional, scientific and technical services	583.9	146.6	25.1	8.3	17.6	*1.0*	*0.6*	*0.8*
Management, administrative and other support	365.2	51.9	14.2	9.0	5.8	*2.3*	*2.4*	*0.6*
Educational services	798.8	269.6	33.8	2.3	31.8	*1.9*	-	*1.9*
Health care and social assistance	1,196.0	188.1	15.7	7.3	9.2	*1.7*	*0.6*	*1.3*
Information, culture and recreation	535.6	101.6	19.0	8.1	11.5	*-0.1*	*-0.1*	*0.1*
Accommodation and food services	819.8	76.3	9.3	5.3	4.4	*1.2*	*0.9*	*0.9*
Other services	431.4	67.9	15.7	6.9	9.4	*1.9*	*1.6*	*1.2*
Public administration	699.5	150.6	21.5	8.7	14.1	*1.4*	*0.6*	*1.0*
Occupation								
Management	892.2	323.8	36.3	4.3	32.6	*1.5*	*-0.2*	*1.8*
Business, finance and administrative	2,231.0	379.3	17.0	7.4	10.2	*1.1*	*0.4*	*0.8*
Natural and applied sciences	804.1	224.2	27.9	12.6	16.5	*0.5*	*0.3*	*0.6*
Health	600.6	96.6	16.1	9.8	7.3	*1.6*	*1.4*	*0.5*
Social science, education, government service and religion	798.2	285.1	35.7	3.1	33.2	*1.0*	*0.3*	*0.9*
Art, culture, recreation and sport	250.5	49.2	19.6	7.4	12.9	*2.9*	*1.3*	*2.6*
Sales and service	3,054.7	324.9	10.6	5.8	5.3	*1.4*	*0.5*	*1.0*
Trades, transport and equipment operators	1,611.2	346.4	21.5	19.0	3.1	*2.3*	*2.1*	*0.4*
Occupations unique to primary industry	244.4	36.5	14.9	11.3	3.2	*2.8*	*1.9*	*0.7*
Processing, manufacturing and utilities	1,091.4	235.1	21.5	19.9	2.1	*1.6*	*1.4*	*0.4*

Source: Labour Force Survey, annual averages
Note: Some workers do both paid and unpaid overtime in the same week.

In 2000, the percentage of workers who involuntarily worked part time dropped, while more put in "short" hours because they were going to school.



Source: Labour Force Survey, annual averages

2000	Part-time total	Voluntary part-time						Involuntary part-time		
		Own illness	Caring for children	Other personal	School	Prefer-ence	Other	Total	Looked for full-time	Did not look for full-time
	'000					%				
Total	**2,701.6**	**2.4**	**10.7**	**4.7**	**30.1**	**25.1**	**1.7**	**25.3**	**7.4**	**17.8**
Youths (15 - 24)	1,008.2	0.4	1.3	0.8	73.2	5.7	0.4	18.2	6.4	11.8
Men	436.7	0.5	-	0.6	76.3	5.1	0.4	17.0	6.4	10.6
Women	571.5	0.3	2.2	1.0	70.8	6.1	0.4	19.1	6.5	12.6
Adults 25 +	1,693.4	3.6	16.4	7.1	4.4	36.7	2.4	29.5	8.0	21.4
Men	393.0	5.3	1.4	2.8	7.9	39.5	3.7	39.3	13.4	25.9
Women	1,300.3	3.1	20.9	8.3	3.4	35.8	2.0	26.5	6.4	20.1

Source: Labour Force Survey, annual averages

Female employees earned 81 cents for every dollar earned by men in 2000, unchanged from the year before.

	Hourly wage in 2000				Change from 1999			
	Both sexes	Men	Women	Ratio	Both sexes	Men	Women	Ratio
		$				$		
15 +	16.64	18.36	14.78	0.81	*0.50*	*0.59*	*0.40*	-
15 - 24	9.59	10.11	9.05	0.90	*0.30*	*0.40*	*0.20*	*-0.02*
25 - 54	18.12	20.02	16.08	0.80	*0.58*	*0.67*	*0.48*	-
55 +	18.14	20.51	15.30	0.75	*0.47*	*0.48*	*0.48*	*0.01*

Source: Labour Force Survey, annual averages

By industry, employees in utilities made the most. Among all the major occupation groups, managers remained the best paid.

	Hourly wage				Weekly wage			
	1999	2000	Change		1999	2000	Change	
		$		%		$		%
Total	**16.14**	**16.64**	***0.50***	***3.1***	**595.62**	**614.87**	***19.25***	***3.2***
Industry								
Agriculture	10.46	10.43	*-0.03*	*-0.3*	406.39	408.29	*1.90*	*0.5*
Forestry, fishing, mining, oil and gas	20.49	20.76	*0.27*	*1.3*	876.42	892.17	*15.75*	*1.8*
Utilities	23.70	24.40	*0.70*	*3.0*	906.08	931.38	*25.30*	*2.8*
Construction	17.12	17.78	*0.66*	*3.9*	694.72	720.62	*25.90*	*3.7*
Manufacturing	16.84	17.54	*0.70*	*4.2*	671.37	699.18	*27.81*	*4.1*
Trade	12.53	12.81	*0.28*	*2.2*	446.53	458.66	*12.13*	*2.7*
Transportation and warehousing	16.57	17.33	*0.76*	*4.6*	660.93	690.99	*30.06*	*4.5*
Finance, insurance, real estate and leasing	17.52	18.18	*0.66*	*3.8*	649.42	673.92	*24.50*	*3.8*
Professional, scientific and technical services	19.90	20.87	*0.97*	*4.9*	764.62	805.63	*41.01*	*5.4*
Management, administrative and other support	11.93	12.28	*0.35*	*2.9*	429.59	442.98	*13.39*	*3.1*
Educational services	21.11	21.54	*0.43*	*2.0*	721.20	732.35	*11.15*	*1.5*
Health care and social assistance	16.63	17.13	*0.50*	*3.0*	549.46	567.03	*17.57*	*3.2*
Information, culture and recreation	16.94	16.84	*-0.10*	*-0.6*	614.23	608.38	*-5.85*	*-1.0*
Accommodation and food services	9.12	9.41	*0.29*	*3.2*	284.53	294.52	*9.99*	*3.5*
Other services	13.08	14.02	*0.94*	*7.2*	477.27	514.26	*36.99*	*7.8*
Public administration	20.60	21.30	*0.70*	*3.4*	761.48	787.51	*26.03*	*3.4*
Occupation								
Management	23.63	24.86	*1.23*	*5.2*	952.75	999.46	*46.71*	*4.9*
Business, finance and administrative	15.55	15.96	*0.41*	*2.6*	558.52	573.56	*15.04*	*2.7*
Natural and applied sciences	22.49	23.52	*1.03*	*4.6*	869.31	910.63	*41.32*	*4.8*
Health	18.65	18.98	*0.33*	*1.8*	615.57	626.73	*11.16*	*1.8*
Social science, education, government service and religion	22.45	22.76	*0.31*	*1.4*	790.18	797.11	*6.93*	*0.9*
Art, culture, recreation and sport	16.15	16.76	*0.61*	*3.8*	542.48	569.98	*27.50*	*5.1*
Sales and service	11.09	11.37	*0.28*	*2.5*	364.31	376.27	*11.96*	*3.3*
Trades, transport and equipment operators	16.35	16.96	*0.61*	*3.7*	663.64	687.69	*24.05*	*3.6*
Unique to primary industry	13.15	13.70	*0.55*	*4.2*	555.27	582.42	*27.15*	*4.9*
Processing, manufacturing and utilities	14.36	14.94	*0.58*	*4.0*	570.63	594.57	*23.94*	*4.2*

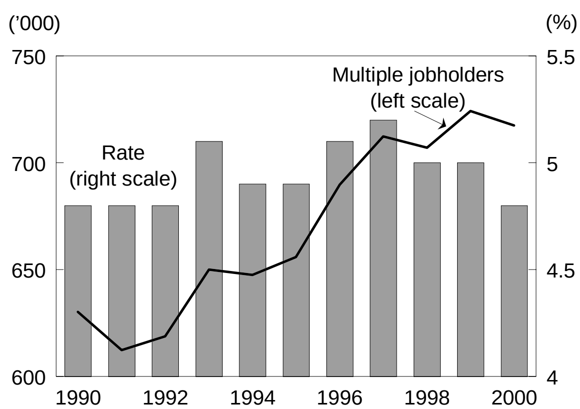
Source: Labour Force Survey, annual averages

The largest drop in the ratio of unionized employees to all employees was in the management of companies, administrative and other support, and transportation and warehousing industries.

	2000			Change, 1999 to 2000		
	Total employees	Employees covered by union contract		Total employees	Employees covered by union contract	
	'000		%	'000		%
Total	**12,488.3**	**4,024.7**	**32.2**	***420.0***	***142.4***	***0.1***
Public sector	2,792.4	2,064.5	73.9	*108.9*	*58.6*	*-0.8*
Private sector	9,695.9	1,960.2	20.2	*311.1*	*83.8*	*0.2*
Agriculture	123.6	4.3	3.5	*-3.3*	*-0.5*	*-0.3*
Forestry, fishing, mining, oil and gas	234.3	70.8	30.2	*13.6*	*7.7*	*1.6*
Utilities	116.3	83.2	71.5	*0.9*	*0.1*	*-0.5*
Construction	538.3	174.9	32.5	*34.9*	*14.4*	*0.6*
Manufacturing	2,187.5	746.6	34.1	*67.4*	*32.0*	*0.4*
Trade	2,000.8	295.3	14.8	*80.8*	*28.0*	*0.8*
Transportation and warehousing	638.2	277.6	43.5	*26.6*	*6.3*	*-0.9*
Finance, insurance, real estate and leasing	736.0	80.7	11.0	*2.1*	*9.3*	*1.2*
Professional, scientific and technical services	619.2	33.2	5.4	*46.8*	*0.7*	*-0.3*
Management, administrative and other support	385.8	49.5	12.8	*17.7*	*5.6*	*0.9*
Educational services	929.4	668.8	72.0	*-3.4*	*-17.3*	*-1.6*
Health care and social assistance	1,326.8	726.6	54.8	*78.3*	*43.4*	*-*
Information, culture and recreation	569.5	157.6	27.7	*31.6*	*3.5*	*-1.0*
Accommodation and food services	862.6	73.6	8.5	*36.6*	*15.5*	*1.5*
Other services	458.2	45.5	9.9	*1.3*	*-1.2*	*-0.3*
Public administration	761.7	536.5	70.4	*-12.2*	*-4.9*	*0.5*

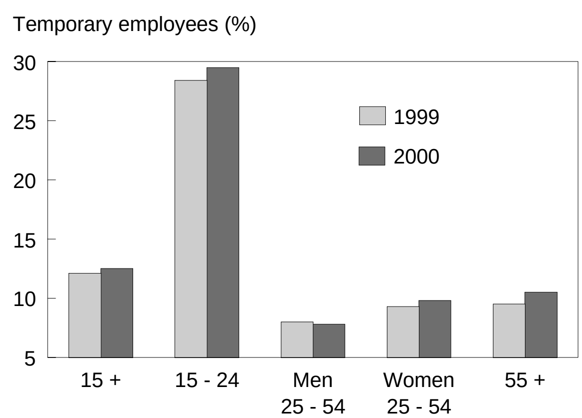
Source: Labour Force Survey, annual averages

Over the 1990s, the number of "moonlighters" increased; however, their share of total employment remained around 5%.



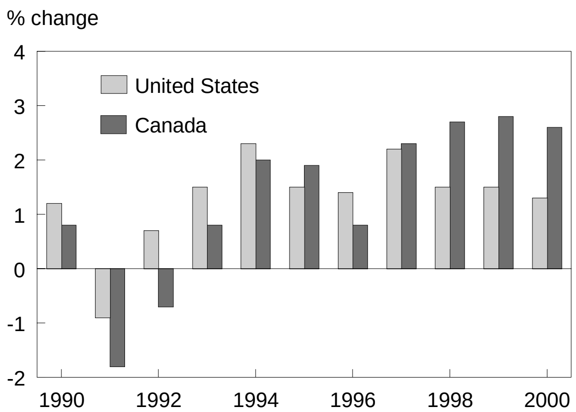
Source: Labour Force Survey, annual averages

About 12% of all employees worked on a temporary basis. For youths, the proportion was twice as high and has increased recently.



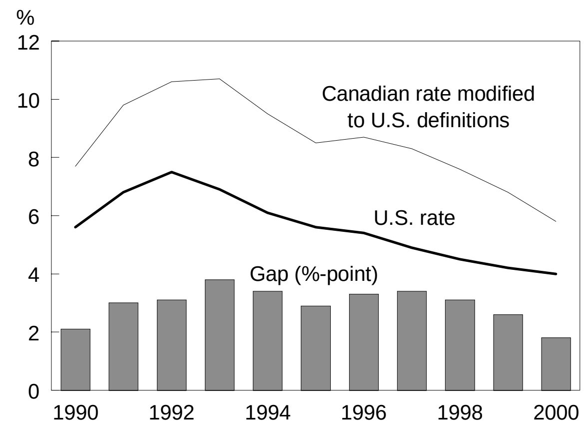
Source: Labour Force Survey, annual averages

For four years in a row, employment grew at a faster pace in Canada than in the United States.



Sources: Labour Force Survey, U.S. Current Population Survey, annual averages

Even after the unemployment rates are harmonized, the gap between the two countries remains.



Sources: Labour Force Survey, U.S. Current Population Survey, annual averages

Note: For more information on modifications to the Canadian unemployment rate, see Labour Force Update *(Statistics Canada, Catalogue no. 71-005-XPB) Autumn 1998.*

Supplementary measures of unemployment and percentage-point change from 1996 to 2000

	Annual averages			Change	
	1996	1999	2000	1996 to 2000	1999 to 2000
		%		%-point	
R1 – Only those unemployed one year (52 weeks) or more	1.6	0.8	0.7	*-0.9*	*-0.1*
R2 – Only those unemployed 3 months (12 weeks) or more	4.4	2.8	2.3	*-2.1*	*-0.5*
R3 – Made comparable to the U.S. definition	8.7	6.8	5.8	*-2.9*	*-1.0*
R4 – Official rate	**9.6**	**7.6**	**6.8**	***-2.8***	***-0.8***
R5 – R4 plus discouraged searchers	..	8.0	7.1	..	*-0.9*
R6 – R4 plus those waiting for recall or replies and long-term future starts	..	8.2	7.5	..	*-0.7*
R7 – A measure of both unemployment and underemployment (involuntary part-time) expressed in full-time equivalents for recall, replies and long-term future starts	..	10.1	9.1	..	*-1.0*
R8 – R4 plus discouraged searchers, those waiting for recall or replies, long-term future starts and the underused portion of involuntary part-timers	..	10.9	9.9	..	*-1.0*

Source: Labour Force Survey

Recent trends in taxes internationally

Zhengxi Lin

In 1997, Canada's overall taxation ranked in the middle of the G-7 countries and the 29 members of the Organisation for Economic Co-operation and Development (OECD) (Table 1). The story is mixed, however, when the various components are compared.

Canada's personal taxes were the highest of the G-7 nations and among the highest in the OECD. Its corporate taxes were in the middle of the G-7 and ninth highest of the 28 OECD countries for which data are available. Canada's payroll taxes were the lowest in the G-7 and the ninth lowest among all 29

Table 1: Tax revenues as a percentage of GDP

	Total		Personal		Corporate		Payroll		Property		Consumption	
	1980	1997	1980	1997	1980	1997	1980	1997	1980	1997	1980	1997
	%											
Australia	27.4	29.8	12.0	12.5	3.3	4.4	1.4	2.0	2.1	2.7	8.5	8.2
Austria	40.3	44.3	9.3	9.8	1.4	2.1	15.3	18.0	1.2	0.6	12.7	12.5
Belgium	43.7	46.0	15.4	14.3	2.5	3.4	13.3	14.6	1.0	1.3	11.5	12.3
Canada	**32.0**	**36.8**	**10.9**	**14.0**	**3.7**	**3.8**	**3.4**	**5.7**	**2.9**	**3.7**	**10.4**	**9.0**
Czech Republic	..	38.6	..	5.2	..	3.3	..	16.9	..	0.5	..	12.6
Denmark	45.4	49.5	23.6	25.9	1.5	2.6	0.8	1.9	2.5	1.7	17.0	16.3
Finland	36.9	46.5	14.3	15.5	1.4	3.8	7.3	11.7	0.7	1.1	13.2	14.4
France	41.7	45.1	5.4	6.3	2.1	2.6	18.7	19.4	1.5	2.4	12.7	12.6
Germany	38.2	37.2	11.3	8.9	2.1	1.5	13.2	15.5	1.3	1.0	10.3	10.3
Greece	24.3	33.7	3.6	4.5	0.9	2.1	8.4	10.9	1.1	1.3	10.0	13.8
Hungary	..	39.4	..	6.6	..	1.9	..	14.3	..	0.6	..	15.5
Iceland	29.2	32.2	6.7	10.6	0.7	0.9	1.7	2.8	1.8	2.6	17.5	15.3
Ireland	32.6	32.8	10.4	10.3	1.5	3.3	4.8	4.6	1.7	1.6	14.3	13.0
Italy	30.4	44.4	7.0	11.2	2.4	4.2	11.7	15.0	1.1	2.3	8.0	11.5
Japan	25.4	28.8	6.2	5.9	5.5	4.3	7.4	10.6	2.1	3.1	4.2	4.8
Korea	17.5	21.4	2.0	3.6	1.9	2.2	0.3	2.0	1.4	2.9	11.0	9.7
Luxembourg	43.0	46.5	11.5	9.5	7.1	8.6	12.5	11.8	2.4	3.6	9.1	12.6
Netherlands	45.2	41.9	11.9	6.5	3.0	4.4	17.2	17.1	1.6	1.9	11.4	11.7
New Zealand	..	36.4	..	15.7	..	3.9	..	0.3	..	2.0	..	12.6
Norway	42.7	42.6	12.1	11.0	5.7	5.2	9.0	9.6	0.7	1.1	15.1	15.8
Poland	..	41.2	..	8.8	..	3.2	..	13.5	..	1.2	..	14.4
Portugal	..	34.2	..	6.1	..	3.7	..	8.9	..	0.8	..	14.4
Spain	23.9	33.7	4.9	7.4	1.2	2.6	11.6	11.8	1.1	2.0	5.0	9.7
Sweden	48.8	51.9	20.0	18.2	1.2	3.2	15.4	16.9	0.5	2.0	11.7	11.6
Switzerland	28.9	33.8	10.4	10.6	1.7	2.0	8.8	12.5	2.1	2.6	5.9	6.2
Turkey	17.9	27.9	7.8	6.0	0.7	1.6	2.5	4.0	1.0	0.8	4.6	10.3
United Kingdom	35.1	35.4	10.3	8.8	3.0	4.3	7.4	6.1	4.2	3.8	10.2	12.4
United States	27.6	29.7	10.8	11.6	3.0	2.8	6.0	7.2	2.9	3.2	4.9	4.9

Source: OECD (1999): Tables 3, 10, 12, 14, 20, 22 and 24
Note: Mexico is excluded because only some or no components are available.

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OECD member states. Its property taxes were the second highest among both the G-7 nations and the 28 OECD member countries for which data are available. Canada's goods and services taxes (also known as consumption taxes) were the third lowest in the G-7 and among the lowest in the OECD (fifth lowest).

This analysis compares recent trends in Canada's overall taxation and its various components with those of the G-7 and OECD member countries. It examines trends between 1980 and 1997, a period in which Canadian taxation expanded rapidly. Following international practice, the study uses the gross domestic product (GDP) as the tax base to compare effective tax rates (tax-to-GDP ratios) for all components, across all countries, over time.

Many factors can affect the tax-to-GDP ratios. These include the extent to which countries provide social or economic assistance through tax expenditures or direct government spending, differences in the degree of tax avoidance and the size of the underground economy, and differences in GDP measurement (see OECD [1999] for a detailed discussion).

The tax system differs substantially from one country to another (Lin, 2000). Even under the common OECD classification, different bases are used to calculate tax liabilities for different components. Furthermore, the tax liability for each component depends upon not only the tax base and the statutory (legislated) tax rate but also various exemptions, deductions, credits, surtaxes, and so on, which differ not only across different countries at the same point in time but also within the same country over time.

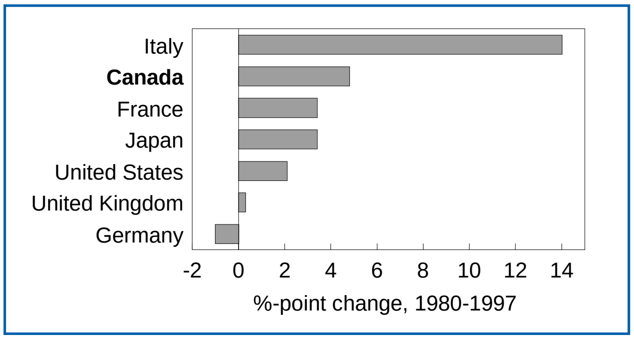
Table 2: Change in tax revenues as a percentage of GDP, 1980 to 1997

	Total		Personal		Corporate		Payroll		Property		Consumption	
	%-point	%	%-point	%	%-point	%	%-point	%	%-point	%	%-point	%
Australia	2.4	8.8	0.5	4.2	1.1	33.3	0.6	42.9	0.6	28.6	-0.3	-3.5
Austria	4.0	9.9	0.5	5.4	0.7	50.0	2.7	17.6	-0.6	-50.0	-0.2	-1.6
Belgium	2.3	5.3	-1.1	-7.1	0.9	36.0	1.3	9.8	0.3	30.0	0.8	7.0
Canada	**4.8**	**15.0**	**3.1**	**28.4**	**0.1**	**2.7**	**2.3**	**67.6**	**0.8**	**27.6**	**-1.4**	**-13.5**
Denmark	4.1	9.0	2.3	9.7	1.1	73.3	1.1	137.5	-0.8	-32.0	-0.7	-4.1
Finland	9.6	26.0	1.2	8.4	2.4	171.4	4.4	60.3	0.4	57.1	1.2	9.1
France	3.4	8.2	0.9	16.7	0.5	23.8	0.7	3.7	0.9	60.0	-0.1	-0.8
Germany	-1.0	-2.6	-2.4	-21.2	-0.6	-28.6	2.3	17.4	-0.3	-23.1	-	-
Greece	9.4	38.7	0.9	25.0	1.2	133.3	2.5	29.8	0.2	18.2	3.8	38.0
Iceland	3.0	10.3	3.9	58.2	0.2	28.6	1.1	64.7	0.8	44.4	-2.2	-12.6
Ireland	0.2	0.6	-0.1	-1.0	1.8	120.0	-0.2	-4.2	-0.1	-5.9	-1.3	-9.1
Italy	14.0	46.1	4.2	60.0	1.8	75.0	3.3	28.2	1.2	109.1	3.5	43.8
Japan	3.4	13.4	-0.3	-4.8	-1.2	-21.8	3.2	43.2	1.0	47.6	0.6	14.3
Korea	3.9	22.3	1.6	80.0	0.3	15.8	1.7	566.7	1.5	107.1	-1.3	-11.8
Luxembourg	3.5	8.1	-2.0	-17.4	1.5	21.1	-0.7	-5.6	1.2	50.0	3.5	38.5
Netherlands	-3.3	-7.3	-5.4	-45.4	1.4	46.7	-0.1	-0.6	0.3	18.8	0.3	2.6
Norway	-0.1	-0.2	-1.1	-9.1	-0.5	-8.8	0.6	6.7	0.4	57.1	0.7	4.6
Spain	9.8	41.0	2.5	51.0	1.4	116.7	0.2	1.7	0.9	81.8	4.7	94.0
Sweden	3.1	6.4	-1.8	-9.0	2.0	166.7	1.5	9.7	1.5	300.0	-0.1	-0.9
Switzerland	4.9	17.0	0.2	1.9	0.3	17.6	3.7	42.0	0.5	23.8	0.3	5.1
Turkey	10.0	55.9	-1.8	-23.1	0.9	128.6	1.5	60.0	-0.2	-20.0	5.7	123.9
United Kingdom	0.3	0.9	-1.5	-14.6	1.3	43.3	-1.3	-17.6	-0.4	-9.5	2.2	21.6
United States	2.1	7.6	0.8	7.4	-0.2	-6.7	1.2	20.0	0.3	10.3	-	-
G-7*	3.9	11.7	0.7	7.8	0.2	7.8	1.7	17.3	0.5	21.9	0.7	7.9
OECD	4.1	12.1	0.2	2.1	0.8	32.0	1.5	17.0	0.5	26.7	0.9	8.2

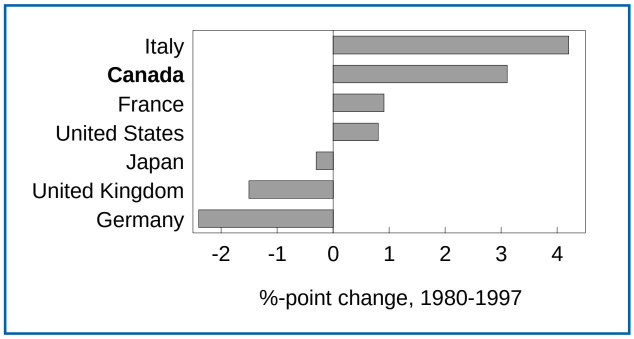
Source: Author's calculation from OECD (1999): Tables 3, 10, 12, 14, 20, 22 and 24.
Note: The Czech Republic, Hungary, Mexico, New Zealand, Poland and Portugal are excluded because only some or no components are available.
* *The G-7 nations are Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.*

Canada had the second greatest increase in total taxation in the G-7 countries

The total tax-to-GDP ratio rose for 6 of the G-7 countries between 1980 and 1997. Of the 23 OECD countries for which comparable data are available, this ratio increased in 20 and declined in 3. Canada's total tax-to-GDP ratio increased by 4.8 percentage points (from 32.0% to 36.8%) or 15.0% (Table 2). This was the second highest growth in the G-7—lower only than that of Italy—and the seventh largest percentage-point increase among the relevant OECD countries.



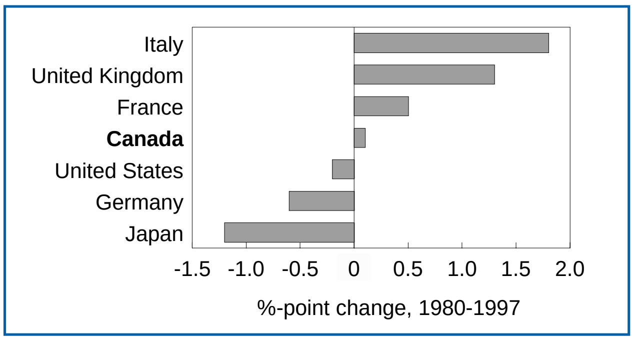
Personal taxation dropped in three G-7 countries



During the same period, the personal tax-to-GDP ratio went up for 4 G-7 countries and down for 3. For the 23 OECD countries under study, this ratio increased for 13 and decreased for the remaining 10. Canada's personal tax revenues as a percentage of GDP went up by 3.1 percentage points (from 10.9% to 14.0%) or 28.4%. This was the second largest increase among the 4 G-7 countries whose personal tax-to-GDP ratio had risen—smaller only than that of Italy—and the third greatest percentage-point increase among the 13 comparable OECD countries.

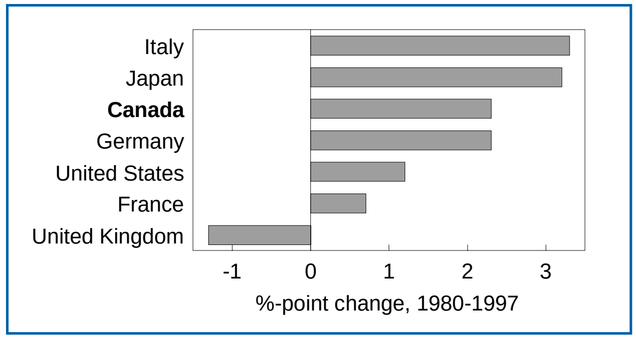
Canada had the smallest increase in corporate taxation

From 1980 to 1997, the corporate tax-to-GDP ratio went up for 4 G-7 countries and declined for 3. Among the 23 OECD nations under study, this tax ratio increased for 19 while it decreased for the remaining 4. Canada's corporate tax revenues as a percentage of GDP went up by 0.1 percentage point (from 3.7% to 3.8%) or 2.7%. This was the smallest increase among the 4 G-7 countries for which the ratio rose, as well as among the 19 comparable OECD countries.

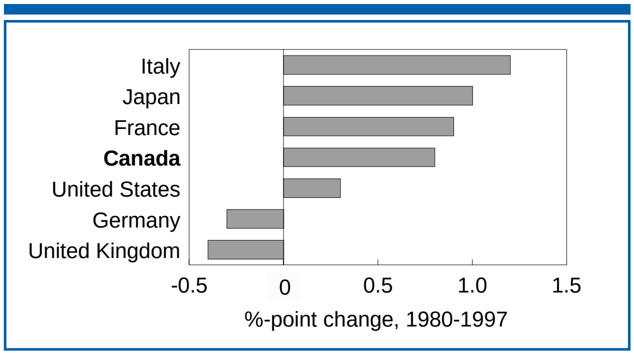


Payroll taxation decreased only in the United Kingdom

From 1980 to 1997, the payroll tax-to-GDP ratio increased in 6 G-7 countries. Of the 23 OECD member countries under study, this ratio rose in 19 and fell in 4. Canada's total payroll tax revenues as a percentage of GDP increased by 2.3 percentage points or 67.6%. This tied with Germany for the third largest percentage-point increase among the 6 G-7 countries for which the tax ratio had increased. It was the seventh largest percentage-point increase among the 19 relevant OECD member states.



Property taxation increased in most G-7 countries



From 1980 to 1997, the property tax-to-GDP ratio went up in 5 G-7 countries and declined in 2. Among the 23 OECD member countries under study, the ratio climbed in 17 and declined in the remaining 6. Canada's property tax revenues as a percentage of GDP went up by 0.8 percentage points (from 2.9% to 3.7%) or 27.6% during this period. This is the second smallest increase in the 5 G-7 countries whose tax ratio had increased, but in the middle of the 17 relevant OECD member states.

Consumption taxation dropped in Canada

From 1980 to 1997, the consumption tax-to-GDP ratio rose in Italy, the United Kingdom and Japan, decreased in Canada and France, and remained unchanged in Germany and the United States. Among 23 OECD member countries, this tax ratio increased in 12, decreased in 9 and remained unchanged in 2. Canada's consumption tax revenues as a percentage of GDP decreased by 1.4 percentage points (from 10.4% to 9.0%) or 13.5%. This was the largest decrease among the G-7 and the second largest percentage-point drop among the 9 OECD member states whose tax-to-GDP ratios declined.

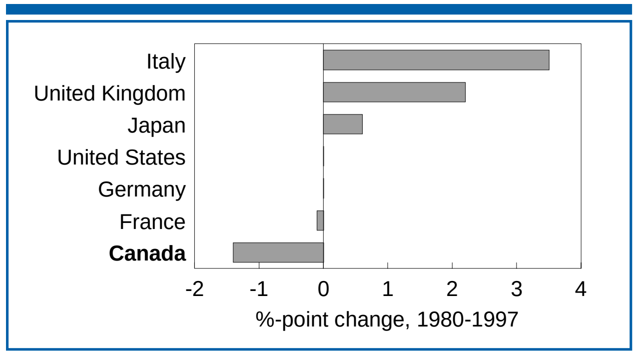


Table 3: Sources of change in total tax revenues, 1980 to 1997

	Total change	Component contribution*				
		Personal	Corporate	Payroll	Property	Consumption
	%-point	%				
Australia	*2.4*	20.8	45.8	25.0	25.0	-12.5
Austria	*4.0*	12.5	17.5	67.5	-15.0	-5.0
Belgium	*2.3*	-47.8	39.1	56.5	13.0	34.8
Canada	***4.8***	**64.6**	**2.1**	**47.9**	**16.7**	**-29.2**
Denmark	*4.1*	56.1	26.8	26.8	-19.5	-17.1
Finland	*9.6*	12.5	25.0	45.8	4.2	12.5
France	*3.4*	26.5	14.7	20.6	26.5	-2.9
Germany	*-1.0*	240.0	60.0	-230.0	30.0	-
Greece	*9.4*	9.6	12.8	26.6	2.1	40.4
Iceland	*3.0*	130.0	6.7	36.7	26.7	-73.3
Ireland	*0.2*	-50.0	900.0	-100.0	-50.0	-650.0
Italy	*14.0*	30.0	12.9	23.6	8.6	25.0
Japan	*3.4*	-8.8	-35.3	94.1	29.4	17.6
Korea	*3.9*	41.0	7.7	43.6	38.5	-33.3
Luxembourg	*3.5*	-57.1	42.9	-20.0	34.3	100.0
Netherlands	*-3.3*	163.6	-42.4	3.0	-9.1	-9.1
Norway	*-0.1*	1,100.0	500.0	-600.0	-400.0	-700.0
Spain	*9.8*	25.5	14.3	2.0	9.2	48.0
Sweden	*3.1*	-58.1	64.5	48.4	48.4	-3.2
Switzerland	*4.9*	4.1	6.1	75.5	10.2	6.1
Turkey	*10.0*	-18.0	9.0	15.0	-2.0	57.0
United Kingdom	*0.3*	-500.0	433.3	-433.3	-133.3	733.3
United States	*2.1*	38.1	-9.5	57.1	14.3	-
G-7**	*3.9*	17.8	6.3	43.3	13.0	17.8
OECD	*4.1*	5.4	19.6	35.8	11.1	21.0

Source: Author's calculation from OECD (1999): Tables 3, 10, 12, 14, 20, 22 and 24.
Note: The Czech Republic, Hungary, Mexico, New Zealand, Poland and Portugal are excluded because only some or no components are available.
** Percentage contributions may not add to 100 because other taxes are not included here.*
*** The G-7 nations are Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.*

Personal taxes led growth in Canada

As mentioned, Canada's total tax-to-GDP ratio rose by 4.8 percentage points or 15.0% between 1980 and 1997. Of this growth, nearly 65% was accounted for by an increase in the personal tax-to-GDP ratio. Growth in the payroll tax-to-GDP ratio contributed another 48% and the property tax-to-GDP ratio, 17%. A rise in the corporate tax-to-GDP ratio contributed very little (2%). Rises were offset by a 29% drop in the consumption tax-to-GDP ratio (Table 3).

The pattern of change varied substantially from one country to another. On average, among the G-7 countries growth in the payroll tax-to-GDP ratio was the largest contributor, accounting for 43% of the growth in the total tax-to-GDP ratio. Rises in the personal tax-to-GDP ratio and in consumption tax-to-GDP accounted for 18% each. Increases in the property tax-to-GDP ratio and the corporate tax-to-GDP ratio contributed 13% and 6%.

On average, growth in the payroll tax-to-GDP ratio made the largest contribution to the increase in the total tax-to-GDP ratio of 23 OECD countries (accounting for 36%). Increases in the consumption and corporate tax-to-GDP ratios made the second and third largest contributions (accounting for 21% and 20%, respectively). A rise in the property tax-to-GDP ratio contributed 11%. Growth in the personal tax-to-GDP ratio was least important, accounting for just 5%.

Perspectives

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