SECTION TWO

PERFORMANCE OF THE SERVICE SECTOR

In this section, we compare Canada's service industries performance with those of its main trading partners in terms of the output, employment and R&D using OECD data from 1980 to 1994.[51]

2.1 A GLOBAL VIEW OF THE SERVICE SECTOR

2.1.1 Employment in services industries

The predominance of services activities is illustrated in countries' employment patterns. The average share of services in total employment in G-7 countries is around 60%, while that of the US and Canada was 73% in 1992 (see Table A in the Annex). The share of employment in services in most OECD countries varies between 50 and 70% this share has increased steadily since 1970. Services have been the main explanatory factor of the rise in total OECD employment (manufacturing and services) between 1980 and 1994.

-Changes in the share of employment in services

Between 1980 and 1995, services accounted for the largest share of the growth in total OECD employment, increasing by 40% during that period. Between 1960 and 1984, Canada and other countries saw the share in goods employment decrease, but that decline was less drastic for Canada and the US.[52] In the last decade, Canada and the US saw their average annual growth rate of manufacturing and services employment decline from 2.5% and 2.8% during 1985-1990 to 1.8% and 1% respectively, during 1990-1995

Between 1980-1995, growth in employment in services industries in most OECD countries came largely from services provided to businesses, mainly by the insurance and finance, and social, personal and community services categories.[53] Both insurance and financial sectors increased by 60% over that period even though the nature of their activities differs completely. The transportation and communication sectors were those sectors showing the smallest increase in employment, an increase of about 10%.[54]

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[51] Data are provided in OECD Industry, Science and Technology- 1997 Indicators.

[52] During the eighties, there was a global shift in the composition of the labour force, a shift from the manufacturing to the service sector.

[53] Education and health, which have traditionally occupied a large share of services employment in most OECD countries, have experienced the least growth.

[54] Since 1980, employment in manufacturing in OECD countries has decreased by 8% mainly in industries using low technologies.