B. Unit Labour Costs

Over the period 1971 to 1980, unit labour costs for all 30 industries were defined as being the sum of wages, salaries and supplementary labour income divided by real gross output (1971$). Supplementary labour income includes employer contributions to health/welfare programs, U.I.C. contributions, payments in kind, or irregularly or infrequently paid bonuses, etc. All data was sourced from the I-O tables.

In all but three cases, the technique used to extrapolate these measures over the 1981 to 1984 interval first involved creating a proxy defined as average hourly earnings multiplied by the number of employees (to represent wages, salaries and supplementary labour income)[1] divided by real gross output.

$$\text{Unit Labour Cost Proxy}_{(i)}\,(1981\text{ to }1984) = \frac{\text{Average Hourly Earnings}_{(i)} * \text{Number of Employees}_{(i)}}{\text{Real Gross Output }(1971\$)_{(i)}}$$

where i = industries 1 to 30

Average hourly earnings and employment information was taken from the CANSIM base (see Table 5). Real gross output was assumed to grow at the same rate as the corresponding real domestic product measure available in the CANSIM base (see Table 6). Growth rates were calculated for the proxy over the 1981 to 1984 period, and these rates were applied to the 1980 I-O unit labour cost measure to extrapolate the data to 1984.

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[1]   Data on number of employee hours was not available.