

A. Total Material Costs

Total material costs were calculated for each of the 30 industries under evaluation using the I-O data. A historical unit material cost measure was created by dividing total nominal-dollar expenditures for materials in each year by constant-dollar (1971\$) gross output for the overall industry. Since Canadian data is only available to 1980, it was necessary to extrapolate material costs to 1984. This was done by accounting for both price and productivity changes.

Industry selling price indices and proxies thereof were selected from the CANSIM data base and the DRI Canadian model data base for each of the materials used (see Tables 3 and 4). Where necessary, these were re-based to equal 100 in 1971.