

3. Assumptions as respects unemployed workers and non-contributors

(a) Rates of unemployment

In Schedule 5 below is shown the average rate of unemployment for Canada excluding Quebec, expressed as a percentage of the labour force, for each calendar year 1954 to 1963.

SCHEDULE 5
AGGREGATE RATES OF UNEMPLOYMENT FOR
CANADA EXCLUDING QUEBEC

Calendar Year	Proportion of Labour Force Unemployed
	%
1954.....	4.0
1955.....	3.7
1956.....	2.8
1957.....	4.1
1958.....	6.4
1959.....	5.2
1960.....	6.2
1961.....	6.4
1962.....	5.3
1963.....	4.8

For the short term, despite a decreasing trend in the rate of unemployment from 1961 to the present date, it would seem to be too early to assume that there will be a continuing significant decrease in the aggregate rate of unemployment from the general level that has prevailed over the last several years. In any event, in the early years of operation of the Plan, the rate of unemployment has a greater effect on contributions than on benefits. For the long term also, the rate of unemployment has a greater effect on contributions than on benefits because of the operation of the "drop-out" provisions of the Plan. Thus, if the rates of unemployment assumed for purposes of the estimates turn out to be too high, the estimated percentage costs are also too high.

For purposes of the current estimates, the aggregate rates of unemployment assumed to be applicable for Canada excluding Quebec were, roughly, 5% annually for the period 1966 to 1975 and 4% annually for the period 1976 and after.

Based on a study of the experience over recent years as respects the relationships between

- (i) rates of unemployment for both sexes and corresponding rates for males and females separately, and
- (ii) rates of unemployment classified by sex for all ages and corresponding rates for relevant age groups,

rates of unemployment by sex and age group were determined for use in the development of rates of participation in the Plan. These rates are shown in Schedule 6 below.