

average annual rates of increase in average weekly wages and salaries were 5.0%, 3.8% and 3.4%, respectively. Thus, over those periods, the differences in the average annual rates of increase in average weekly wages and salaries and the Consumer Price Index were 2.9%, 2.4% and 2.2%, respectively.

For the short-range estimates and for the long-range "low cost" estimates, it was assumed that the Consumer Price Index would increase at an average annual rate of 1½% from 1967 throughout the whole period covered by the estimates. For the long-range "high cost" estimates, the corresponding assumption was that the Consumer Price Index would increase at an average annual rate of 1½% from 1967 to 1975 and 2% thereafter. Thus, for example, if it should be considered that average annual increases in average earnings arising from increased productivity will range from 2% to 2½% in future years, it would be appropriate to assume, for purposes of the estimates, that total average annual increases in average earnings will be of the order of 4%. (It should be emphasized here that the validity of estimated required contribution rates depends far less on the separate assumptions as respects increases in prices and increases in average earnings than on the relationship between the two.)

Because the average rate of increase in average earnings over the long-term future is not predictable within close limits, one complete set of short-range and long-range "high cost" and "low cost" estimates was developed on the assumption that the average annual rate of increase in average earnings will be 3% from the effective date of the Plan throughout the whole period covered by the estimates and a second set on the assumption that such rate of increase will be 4%.

3. Development of average earnings rates

The general pattern of development involved three steps, as follows:

Step 1—estimation of the 1961 average earnings rate for paid workers in Canada excluding Quebec without taking account of the effect of any upper or lower limits on the earnings of individual workers;

Step 2—breakdown of the average earnings rate developed in Step 1 into average earnings rates for males and females and for each age group and projection of the latter rates in accordance with assumed increases in average earnings;

Step 3—development of modified average earnings rates, that is, average earnings rates taking account of the effect of the contributory earnings upper limit on individual earnings and the effect of excluding the earnings of workers having annual earnings less than the minimums allowable for contribution purposes.

Pertinent details are given in the following paragraphs.

Step 1—Average earning rate for 1961

The 1961 income items shown in Schedule 2 below were based on statistics for all of Canada drawn from the Canadian Statistical Review for June, 1963, and on similar statistics for Quebec provided by D.B.S.

SCHEDULE 2

PERSONAL INCOME ITEMS FOR 1961 FOR CANADA EXCLUDING QUEBEC (in millions)

Salaries, wages and supplementary labour income	Supplementary labour income	Net income received by farm operators from farm production	Net income of non-farm unincorporated businesses
\$14,095	\$633	\$779	\$1,767