

How the D.S.B. Cost-of-Living Index is Calculated 1st September 1948

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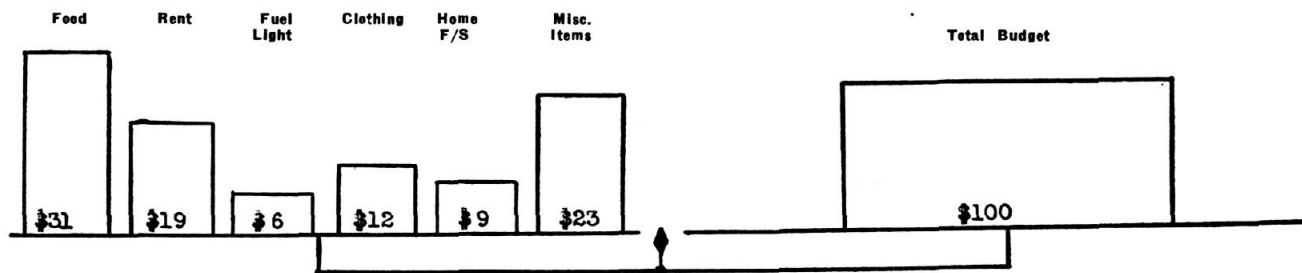
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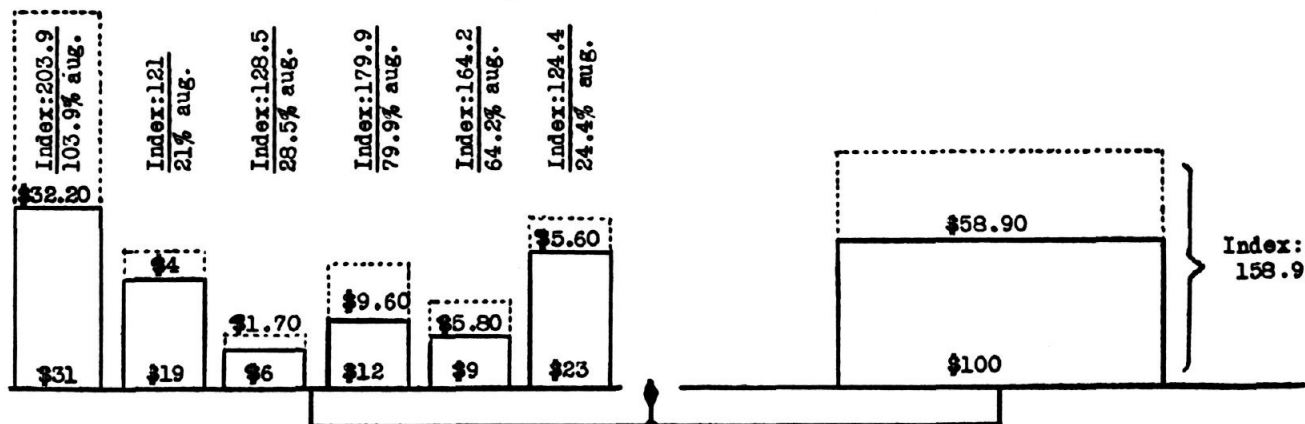
How the D. B. S. Cost - of - Living Index is calculated

1st September 1948 (Base: 1935-1939 = 100)

- 1) In the base period, the average Canadian budget was broken down into six groups as shown below. Out of a budget of \$100, food would have taken \$31 (or 31%), rent \$19 (or 19%), etc. Each group was given accordingly a definite weight, such as illustrated by the blocks on the left tray of the scale. The six blocks add up to a total value of \$100.



- 2) The changes between the base period and a given period — in this instance 1st Sept. 1948 — are figured separately for each group, by taking the cost of a certain number of items for both periods. The relation between the two figures determines the percentage increase of each group. For instance, the food group calculated from 47 representative items shows an increase of 103.9% over the base period (index of 203.9).
- 3) As a result of the increases, each group reflects a higher value in dollars and cents. For instance, food shows an additional amount of \$32.20 (namely: $\$31.00 \times 103.9\% = \32.20). The additional amounts of each group, shown inside the dotted lines, are added together to form the total increase — in this instance \$58.90 — which, when added to the original total of \$100.00, gives the grand total of \$158.90 (index of 158.9).



New values

1st September 1948

\$63.20	\$23.00	\$7.70	\$21.60	\$14.80	\$28.60	\$158.90
39.8%	14.5%	4.8%	13.6%	9.3%	18.0%	100%

- 4) Owing to the additional values the relation of each group to the total is constantly fluctuating, such as shown by the figures below the scale. For the same commodities, the \$100.00 budget would now be of \$158.90; out of which \$63.20, or 39.8%, would be spent on food (instead of 31%); \$23.00, or 14.5%, on rent, (instead of 19%), etc.