

textiles, hardware and crockery, which are combined to form the household effects index, is likewise the same as that described above. The final index for household effects is obtained by weighting the three group indexes upon a consumption or replacement basis and then taking an average of these figures.

*Tramfares.*—The tramfares index is composed of two units, a city index and a radial index. In each case an average fare for the Dominion is reckoned by dividing total annual passenger revenue by the total number of passengers carried. From these average fares, indexes are made, the two units being combined after weights representing city and radial passenger revenue for 1926 have been applied.

*Telephones.*—In compiling the telephone index the monthly charge for the typical residential phone of the locality is the unit upon which the number is based. Provincial indexes are made from aggregates of weighted city phone bills. A Dominion index is also struck by taking the average provincial bills and weighting them with a figure representing the number of provincial subscribers. The aggregate thus obtained is divided by a similar aggregate for 1926 and multiplied by 100, to produce the index in its final form.

*Insurance.*—Changes in the cost of insurance are measured by a combination of two indexes, one of fire insurance rates and a second measuring the extent of changes in the level of life insurance premiums. The first is of simple construction, for there is practically no element other than that of straight risk entering into the cost of fire insurance. Its index is calculated from annual figures which show the percentage ratio of Canadian paid-in premiums to total risk taken. This cannot be done for life insurance because the element of risk is inextricably involved with profit sharing, savings and investment, etc., which result in a great many different policy plans. Then too, risk is not a stable element as it may be considered for practical purposes in the case of fire insurance, varying as it does with the age of the policy-holder. Thus a more complicated index has been found necessary for life insurance.

Eighteen sub-group indexes have been made, taking into account variation in risk by including premium rates for three age groups centering around the 21st, 35th and 50th years of life and variation in types of policy groups which account for the greater part of life insurance written in Canada; namely, ordinary life, twenty-year life, and twenty-year endowment. Finally, a third distinction is made between premiums for participating and non-participating policies.

Data used for weighting take into consideration the amount of business done by the various companies quoted, the amount of insurance sold according to age groups noted, the relative importance of the types of policies included and the proportion of participating to non-participating business.

*Newspapers.*—The index of newspaper prices is formed from a sub-index based upon evening publications and another for morning issues. An average subscription cost is calculated from the city delivery price and the country mail rate for each paper. These averages are weighted by circulation figures for 1928 to produce an aggregate relative. The importance of the sub-groups in the final index is determined by the estimated value of the total paid-in subscriptions for the papers in each group.

*Books and Educational Costs.*—An index of the cost of books and other educational accessories is constructed from three sub-indexes of prices for books, periodi-