

I said yesterday that these were ad hoc and precarious measures. At that time I was suggesting to the Deputy Minister that it was extremely dangerous for the government to rely on these ad hoc precarious moves, and that they should, as you say, move systematically forward.

How would you suggest that they move systematically forward? Would you agree that they might consider the possibility of the imposition of price controls on basic commodities, the costs of which enter into all other costs.

Professor NEUFELD: No.

Mr. CAMERON: What else would you suggest?

Professor NEUFELD: I would oppose strongly a system of price controls. I think they will not work and are undesirable even if they did work.

Mr. CAMERON: Then, what do you propose?

Professor NEUFELD: Let us face it, we are entering a new field, a new area, and we do not know what will work. The point I am trying to make is that we should start something in a systematic manner and see if it will work or not, and—

Mr. CAMERON: What if it will not work?

Co-Chairman Senator CROLL: Mr. Cameron, perhaps you would let him finish.

Mr. CAMERON: All right.

Professor NEUFELD: The policy that I would favour, sir, is the one that would begin with the establishment of wage price guidelines that, in terms of impact on the public, would be very much the same as the U.S. wage price guidelines. The advantages that I would see arising from such guidelines—not controls, but guidelines—are that individual companies and industries and unions would have to justify their demands and their price policies in the light of guidelines that competent and well-respected experts have established. The thing often forgotten about the U.S. guidelines is that they were not established by the United States' President. In fact they were the outcome of a series of studies by the Council of Economic Advisers, and for the most part I think the people on the council, at least in recent years, have been highly respected experts, and if a company or a union wishes to move against the advice of the council, they will at least have to marshal acceptable arguments, and I think that the same could happen here in Canada.

Another point I would make is that it has recently been suggested that because there are cases such as the air line machinists' case where wages were in excess of the guidelines, that the guidelines are not working. I disagree. The settlement there, a 4.9 per cent settlement, is quite different from the kind we have been getting in Canada. It would seem to me that here is a case of the impact of the guidelines in influencing settlements that could be rational and acceptable on economic grounds. The same thing is happening on the pricing side; the fact that some prices have been rolled back is, in my view, a very good thing because it has more and more put the onus on business to justify this price increase on the basis of the guidelines established by people who are regarded as competent in the field.

Mr. CAMERON: Would you tell me, Professor Neufeld, what has been the overall effect in the United States, considering the continuing reports of concern on the part of the American administration—there was another one this morning but you may not have seen it yet—of a continuing inflationary pressure in the United States and the recent move of the President in regard to interest rates to be paid? Does that indicate the success of the guidelines?

Professor NEUFELD: I don't think it indicates failure. The experience there has been better than it has been in Canada. We must keep in mind that we are