I agree with what you say, and my question is this. I think you will acknowledge that the psychological factor is one that is either inflation or depression. I think you also acknowledge that one never knows when investors turn panicky nor can you or anyone determine why the stock prices index is still going down or when it will drop or rise. So the question I have is this. Have you given thought or are you aware of any criteria that a government agency might have of evaluating this psychological factor so that they may know when to stop tight money and how quickly the reaction might be. Are there guidelines in this particular field?

Professor NEUFELD: There are no simple guidelines. I think that the most encouraging feature I see, speaking as an outside observer, is that the operations in Canada of the Bank of Canada seem to suggest that they are completely aware of this problem. I can think of two or three cases over the past several years when the capital markets were faced with events that might well have been disastrous. I am thinking in the one case of the Atlantic Acceptance episode and when the Bank of Canada pursued policies that countered this sort of crisis psychology that could have accumulated, and also thinking of the last several months when there seems if anything to have been some easing in the monetary position.

So that all I can say is, there is no simple criterion for judging when this kind of scare, this fear, this crisis atmosphere, is getting out of hand. It seems to me that the Bank of Canada, which is most directly involved here, appears to understand the nature of the problem, and I think would in fact do what has to be done to make sure that it does not become serious in capital markets.

Mr. OTTO: Am I able to take it that you are confident that no one really needs fear an immediate recession as a consequence of this inflation?

Professor NEUFELD: As a consequence of this sort of financial crisis condition you have outlined, excluding any international liquidity problem—I hope we shall not have to discuss that dreadful area—but from the point of view of domestic financial crisis, I am confident that the monetary authorities would not permit it to develop.

Mr. OTTO: Then the farmers in the provinces of Saskatchewan and Alberta, for instance, should be able to get their machinery and equipment they have not been buying.

Professor NEUFELD: They have been buying quite a bit, as a matter of fact.

Mr. OTTO: To pursue this very articulate explanation that you gave in connection with labour and management, I think you said that by a constant sort of chess game with each other, no one suffers except the consumers, and they being consumers also suffer. I think you also suggested that somehow guidelines could be published. Would you say they could be tied to gross national product or to productivity?

Professor NEUFELD: To productivity, yes.

Mr. OTTO: Would you also admit then that if we could somehow solve or introduce a procedure to settle labour disputes without work stoppage this would increase productivity substantially?

Professor NEUFELD: That is a more difficult question, because in a sense you are asking me to form a judgment whether there might not be side effects to a sort of environment in which you no longer permitted strikes. I am not so sure about that.

Mr. OTTO: Let us assume that an avenue was found whereby labour disputes can be negotiated without stoppage of work. You must acknowledge it would increase productivity.