

Mr. CAMERON: I may be stupid, Dr. Neufeld, but I do not get your argument at all. Here is my final question on this. What is the difference between imposing price controls on basic commodities, such as steel, aluminum, copper, and so on—I listed a number when I spoke in the House—the cost of which enters into every cost in the economy, and the imposition of guidelines, if the guidelines are going to be successful? Do not exactly the same arguments apply to your guideline system?

Professor NEUFELD: I do not think so. I think it is a matter of degree, sir. If one held the view, which I do not hold, that in general market prices no longer establish sensible prices, then it would make sense to introduce a system of price setting and price control. If one took the view that there are some areas where the market works so badly as to cast grave doubt on the processes that that market has established, then you might come to the conclusion that you should not have a general system of price controls, but you should have price controls in certain areas. Then, one has to make a final decision as to what areas. How far does one go? What proportion of the total price setting procedure should be represented by price fixing procedures?

Well, the principle of price fixing we have, in fact, accepted long ago, because there are some prices in the country that are controlled. What we are really arguing is as to whether this should be extended into other areas. My feeling would be that this is a matter for investigation, case by case. Steel, for example, because of the impact of foreign competition and because of competition within the industry, would be a case probably where the moral suasive influence of guidelines would be sufficient to produce pricing procedures that would be satisfactory. Other people may have a different view on that score, but that is what my view would be at this moment.

If there are other cases that should be investigated to see whether pricing procedures work reasonably well or not they, then, should be investigated on an individual basis.

Mr. CAMERON: Dr. Neufeld, I must say this; if, as you tell us, you are confident that the market forces are still operating to control prices effectively, I am at a loss to understand why you advocate the guidelines.

Professor NEUFELD: I am sorry, sir, but everything I have just said argues against what you said I have said. I did not say—

Mr. CAMERON: Perhaps I am stupid. Would you explain your remarks simply to me?

Co-Chairman Senator CROLL: You are not stupid at all. I have known you too long.

Professor NEUFELD: I want to make sure I say what I mean, and not what you mean. I think what I have said is that there is obvious evidence—after all, the control of utility rates—that there are areas where the price system does not work, and this has been recognized for a long, long time. We are not arguing extremes here, but we are arguing as to where one needs to draw the line between prices that are controlled, as some are now, and prices that need not be controlled. This is the position I stated. It is not my statement that the price system works well everywhere.

Mr. CAMERON: I may have misrepresented you there, but I did not intend to. I would like you to consider this, Dr. Neufeld. In addition to having basic factors in the whole general price structure, there are industries which are, in effect, completely insulated from public opinion, upon which you rely. I can see where public opinion, if it is properly organized, can have a very decisive effect in controlling prices at the consumer level, because these people have to deal with their customers. But, it has no effect whatever back further along the economic process. The public does not know anything about steel prices. The