

permits, which leads me to believe that now, probably, there has been a slowdown even in non-residential construction.

Therefore, I think that it is now doubtful that the Spending Intention Survey that was published at the beginning of the year is going to be met. For all these reasons, including now the second quarter national accounts statistics—a copy of which did not reach me before I came to this Committee, but a report of which I read in the newspapers—including, I would say, the national accounts, I suggest that there was very little real growth in the second quarter.

Senator THORVALDSON: This is supplementary. Does that apply to both the consumer field and the capital goods field?

Professor NEUFELD: The rate of increase has levelled off in particular areas in the consumer field which have declined substantially, such as cars and certain housing.

Mr. CAMERON: Professor Neufeld, I am rather interested to see that you appear to think that the American rising prices have had a definite effect on Canadian increases in prices. Is that right? You made a study, I believe, for the Porter Commission on this question.

Professor NEUFELD: Not on this question, no. Let me say that the point I was making was that foreign price increases that come about either through foreign prices rising in other countries or through the devaluation of our Canadian dollar, foreign price increases arising from either one of those causes, will have an important effect on the Canadian price level, and, as I have explained, it seems to me in the last months that it is really an increase in foreign prices arising from devaluation of our dollar that has been important.

Senator THORVALDSON: May I comment on that.

Co-Chairman Senator CROLL: I believe Mr. Cameron has a series of questions. Will you just wait until he finishes?

Mr. CAMERON: Then you state that one of the results, probably, of attempting to keep Canadian prices on an even keel with American prices may well be increased unemployment and lower economic growth in Canada. In your third conclusion you say that.

“unless special situations exist, to try to insulate Canadian prices from U.S. price increases would probably lead to increased unemployment and slower economic growth in Canada.”

Professor NEUFELD: To insulate them from, not to keep them the same as, U.S. price increases. To protect them from U.S. price increases.

Mr. CAMERON: How would you propose to protect them from U.S. price increases? By increased unemployment?

Professor NEUFELD: The point is that, if U.S. prices are rising, for whatever reason, and if we decided that we wished to protect our prices from their price increases, we would have to force Canadian prices down, because our import costs would be rising. How would we force Canadian prices down? Presumably by higher taxes, tight money and so on, and this would lead in the first instance to more unemployment.

Mr. CAMERON: So that is not a policy that you advocate.

Professor NEUFELD: No, it is not.

Mr. CAMERON: In No. 8 of your summary and conclusions you appear to be speaking of the efforts that have been made by the government to control certain price increases. I presume you have reference to Mr. Sharp's persuasion, as he calls it, with regard to the steel companies. Is that correct? Then you suggest that the government “should now move systematically forward in this area rather than continue to pursue an ill-defined, unpredictable, and possibly ineffective approach to the problem.”