

from most of the others because they are related to the automotive trade agreement, and I think therefore the direction of automobile prices must be within the context of the objectives seen to be desirable when applying that agreement. My own feeling is that unless there is a narrowing—and I won't commit myself to timing—but unless there is a narrowing of the price between Canadian and United States automobiles, and assuming we keep the general price level in order, the agreement would be seen to have failed.

Your third question was, supposing moral suasion does not work: In this regard I would revert to the point I made before that I think this is a good point to start where I have suggested we start. I don't know whether it would work or not. I think if it were found not to work, if moral suasion and the influence of public opinion, and the influence of people recognized as experts in the field—if they fail to achieve results, then one would have to try to experiment with the next stage in this process. What form that would take, I don't know. Speaking off the top of my head, I think something in the nature of a wages and prices review board would be the next step.

Mr. CAMERON: Do you envisage a price review board with power to enforce decisions?

Professor NEUFELD: I cannot envisage that, no.

Co-Chairman Mr. BASFORD: You have advocated a price-wage guideline policy. How do you think the machinery for this is established?

Professor NEUFELD: I think the most important aspect of the machinery should be that the institution responsible for setting guidelines should be clearly seen to be an institution of independent experts. I think it would be unfortunate if the impression was created that these guidelines were those of one or other of the important political parties. Therefore it might well be that the guidelines could be established by an institution such as the Economic Council of Canada, but I am not wedded to any particular type of institution or approach. The important thing is that whatever the institution said, should be respected by the general public as an honest objective appraisal of the problem.

Co-Chairman Mr. BASFORD: Do you think the Economic Council is presently equipped to establish that?

Professor NEUFELD: Equipped in the sense of personnel or institutional arrangements?

Co-Chairman Mr. BASFORD: Institutional arrangements.

Professor NEUFELD: I think possibly it is.

Co-Chairman Senator CROLL: What do you mean by institutional arrangements?

Professor NEUFELD: I mean an institution that has the kind of association with government that the Economic Council has. I think the impression has been created that the Economic Council is a fairly independent group and what it says it does believe. I think that the most important prerequisite, if I am correct in this, is that this situation should exist for it to assume those functions.

Co-Chairman Mr. BASFORD: I gather from your remarks that you would prefer this type of institutional arrangement to one where the guidelines were promulgated by the Department of Finance.

Professor NEUFELD: Yes, if only because it would be easier to convince people that the guidelines were the result only of the analyses of independent people who are recognized as being experts in the field. Now if it were found that the same thing could be achieved by a section in the Department of Finance, I would see no objection to it coming from such a section.

Co-Chairman Mr. BASFORD: Presumably, if the Economic Council was given this function it would have to hire more staff. I am going on that assumption.