

Mr. SALTSMAN: I do not know, but I think Professor Neufeld has raised some most interesting points.

Co-Chairman Senator CROLL: Then ask him the questions, Mr. Saltsman. We are hoping to continue on. There are four or five others, and we could finish this morning.

Senator THORVALDSON: Mr. Chairman, if I may say so, there are a lot of speeches being made here, not in the form of questions at all. I do not think I came here to spend my time listening to speeches. I came here to listen to witnesses. There are comments one would like to make in regard to questions, but we have heard a tremendous amount of statements, completely and wholly inaccurate, from a person who is not a witness. Maybe I am doing the same thing now.

Co-Chairman Senator CROLL: You are used to a different sort of Chamber, where they ask questions.

Well, Mr. Saltsman, at the moment I am going to give you a little opportunity to do some more thinking.

Mr. SALTSMAN: Mr. Chairman—

Co-Chairman Senator CROLL: Hold it just for a moment, Mr. Saltsman. My Co-Chairman, Mr. Basford, is next, and then Mr. Carter and then Mr. Olson.

At the moment we will take a 15 minute recess for the benefit of us older people.

—Upon resuming:

Co-Chairman Senator CROLL: I understand we are to have questions from my Co-Chairman, Mr. Basford, from Senator Carter, Mr. Bell (Saint John-Albert), Mr. Olson and Mr. Cameron. Mr. Saltsman has had good innings and I think he is going to let it go round for a while.

Mr. SALTSMAN: If I might ask just three questions now then I shall be finished. These, I promise you, will be questions and not speeches. The three questions I would like to direct to the witness through you, Mr. Chairman, are as follows: First, on the question of price and wage guidelines, and no guidelines on profits, what is the situation in an automated industry where productivity is increasing at a great rate? What would you suggest in a case of that type? Do you not get some kind of disturbance in allocation? Secondly—

Co-Chairman Senator CROLL: Are you not going to give him time to answer your question?

Mr. SALTSMAN: I will ask all the questions now and then I will shut up. My second question is this: Since we have started on the guideline road with steel, should this guideline be applied to the automobile industry as well to hold the prices under present circumstances? Thirdly, supposing guidelines do not work and moral suasion is not as powerful as we think it is, what then?

Professor NEUFELD: You ask first what would happen in the case of an industry where there was a substantial increase in productivity so that substantial profits were being made not because of price increases but because of high productivity increases. My answer would be that in such an industry there should be a decline in price. I might complete your question by asking another. What would happen in an industry where you had relatively low productivity? Such an industry would have to pay competitive wages and would see a squeeze of profits that way. I would say in an industry of relatively low productivity there would have to be an increase in price over a period of time. So what I would envisage is a decline in prices in industries of high productivity and an increase in prices in industries of low productivity with no change on balance.

Your second question was, should guidelines be applied to automobile prices. I think it is to be remembered that automobile prices are quite different