

Co-Chairman Senator CROLL: Mr. Otto, and then you, Mr. Saltsman.

Mr. OTTO: Mr. Chairman, I should like to ask four questions. My first two or three questions will be dealing with your brief, Dr. Neufeld. You state on page 3 in this whole paragraph on import-price-push that inflation in the United States naturally has an effect on the prices that Canadians pay, but will you acknowledge that imports can be divided into two categories? There are those goods and services that we must import, and then there are those goods and services which we need not necessarily import and which are subject much more to the cost factor and to the question of whether Canadians can afford them. There are two classes within that one class that you are talking about, are there not?

Professor NEUFELD: I would not myself support such a classification. When one uses the phrase "some things that we must import", I do not know in quite what sense it is used. It is true that we must import bananas because we do not grow them here, but, at the same time, why do we have to eat bananas? We can eat something else. I think that principle applies to almost anything you can think of. This business of our having to import something is, I think, not nearly as simple as that.

I think what we have to do is say: "Look, we are a people who enjoy a certain level of income and a certain standard of living. Having this income level, there are certain things that we want to buy". Within the terms of that simple proposition it is very difficult to say: "Therefore, let us not import that, but let us import this". I think there is no rational foundation for saying that we must import that, but we need not import this.

Mr. OTTO: I agree that there is no rational explanation, but let us take grapefruit and bananas, for instance. Our society is so geared today that one would think that without grapefruit and without other fresh fruit in the wintertime our children would not be getting proper nutrition, and so it is acceptable. In other words, you find it very difficult to convince Canadians, or any one on the North American continent, that these are not essential, whereas it would not be too difficult to convince Canadians that a trip to Florida is a non-essential thing or, in other words, that the money so spent is money spent elsewhere. I think there is a classification between those two. Or, you can put it in this way, that industry must import certain parts or production goods that are not available here.

Professor NEUFELD: What do you say to the man who says: "Look, I have stopped eating bananas for three years, and saved up enough money to go to Florida"?

Mr. OTTO: Let us suppose we say this, but there must be some division, surely, in your thinking in connection with these essentials and non-essentials. Certainly, with respect to production goods and machinery that we do not have here—what percentage of our imports are subject to this import-price-push?

Professor NEUFELD: I am being serious when I say that I do not think it makes sense to divide imports in that way. Take the case of machinery. You say we have to import machinery, but presumably if we were to devote enough resources in Canada to the problem we could make the machinery in Canada although at a higher cost. This is what one can say in the case of all our imports. I do not think I would wish to pursue any kind of a policy that controlled imports on the basis of what someone's view is as to what we should have and what we should not have. I think this depends very much on the taste of the individual who does the importing.

Mr. OTTO: We shall have to try to find out how influential on our price structure is this import-price-push.