The point is, we want to improve our record of the past. The way to improve our record of the past is to introduce techniques that will do in the future those things that these other techniques never could do in the past and cannot do in the future. So it is not that the traditional techniques are no longer necessary. It is vitally important that they be used correctly in the future. But what we want to do is improve our total price and growth and employment records of the past, by introducing additional techniques that will solve the problem that the others cannot solve.

Mr. SALTSMAN: I would like to take this wage-price guideline a little further. When you talk about a wage-price guideline, the price will protect the general public against any tendency for specific industries to impose their costs, justified or otherwise, upon the general public. This would have the tendency to insulate the public. The wage, I presume, is to give industry some measure of control over one of the factors of production.

What I am curious about is why you have not included factors like interest—which in some industries—especially capital intensive industries—are probably a more significant factor of production than wages. In some industries, labour-intensive factors are of importance but in other industries they are not. We have a few of those in Canada. For instance, the oil industries, and other industries which have automated very heavily and where their chief cost of production lies in the price of capital equipment. I would think that the level of interest rates in the country affecting the cost of capital generally—bonds, stocks and so on—would have a very significant effect.

First of all, why have you not included some measure of interest control? I would like to take this a little further and give you the whole question. Why have you not included some measure of profit control?

You are asking the working men to give way to moral suasion, to act in the national interest, to be concerned about the consumer. This is one of the factors that comes into price. Profit policy also enters into it. Why have you excluded those two elements from your guidelines?

Professor NEUFELD: To speak to the last part of the question first, I have dealt with profits. The very fact that the approach involves prices, means that it directly involves profits. I have used the phrase profit-push inflation. It means that appropriate price policies will ensure that industries where there is not too much competition will not be able to have excess profits, because they will not be able to control prices the way they might have done in the past. I in fact specifically have included profits.

Now, why no control of the interest rates, you say. Interest is one cost of production. I see no point in controlling those kinds of costs, where the cost is set by markets that function well.

The reason why we talk about doing something that will influence profits through prices, and that will do something that will influence wages, is because we have lost confidence that the market is going to establish the right prices in these areas. There are rigidities that prevent adjustments from taking place that should take place.

The point is that in the case of interest rates I do not think this is so.

The capital market in this area is one of the best functioning markets that we have got. No one likes high costs of money—except the savers who have seen in recent years that even with high cost of money they are losing value on their savings. No one likes the high cost of money, at least not the people who borrow.

In my view, the cost of money is usually an accurate and honest reflection of the demand for money. I see no reason for introducing any measure of control that is going to obscure the picture. This is why I think there is no need at all for controlling interest rates in general. This remark is taking us off the