

Table I is a very useful table indicating the percentage changes in many countries. I think it is of 20 to 30 countries. Would Dr. Neufeld like to indicate in all these countries whose inflation problem seems to have been much greater than Canada's, if any or many of them effectively applied the so-called "remedy" of price controls?

Professor NEUFELD: Well, there have been bits and pieces of price control in a number of countries. My opinion is not authoritative in this area. I cannot, however, think of any economy in this list that has a complete system of price controls. There are a number of prices in a number of these countries that are controlled, but I cannot think of any country that has complete price control of the kind, say, we had during the Second World War.

Co-Chairman Mr. BASFORD: In the Minister's statement made in the house in September, which I do not have in front of me, I am sorry, he discussed the possibility of guidelines, but raised the problem there was no consensus as to the causes of inflation, and that without some form of consensus guidelines would not be effective. I would appreciate your comment on that thought.

Professor NEUFELD: I would have to disagree with that view. Let me say, first of all, that because of the role of the Government, both in the wage settlements and in the steel price case, implicit guidelines seem to be in the mind of Government. So I think that in a sense the Government itself has admitted that some sort of guidelines somewhere seem to exist, and that they have attempted to enforce them.

As to whether you must have a consensus to act in this area, I do not think so. My own feeling is that because of the very complex nature of the wage-profits-price-costs relationship you will not get a definitive answer that will enable you to proceed with 100 per cent assurance that you are doing the right thing. But I think there is sufficient evidence, evidence accumulated over the years, to say that it is a fairly good possibility that the problems associated with the phrase "cost-push inflation" do exist, and are important, and do not lend themselves to control through traditional control techniques.

So I would say: No, we must not wait until all the economists say, "Yes, it is a problem. You should do something about it." I do not think you would ever act if you waited until they all said that, because I do not think they will all say that.

It is my opinion that the time has come when the presumption is strong enough that there is a problem here, that we should start doing something about it, and then in two years' time sit back and see if it is working or not.

Co-Chairman Mr. BASFORD: You have spoken about the import price-push or the effect of rising import prices. Nowhere in your paper is there any mention of tariffs. I am wondering whether the application or non-application of tariff policy would be useful in this regard.

Professor NEUFELD: Coming from the west I warn you straight away I am against tariffs.

Co-Chairman Senator CROLL: Why do you think the question was asked?

Professor NEUFELD: I am trying to think of how tariffs might be used in this particular instance. Starting with the presumption, first of all, that for the most part I do not think tariffs are very useful--

Co-Chairman Mr. BASFORD: Coming from where I do, I was hoping you would say we should do away with them!

Professor NEUFELD: Let me say that in spirit I would say, "Yes," but I would want to elaborate, but I will not do that at this committee meeting. However, I think it might be possible, if you were faced with a problem of excessive price increases in certain industries, to take a good close look at the tariffs in those industries, and if the price increases were too large, to bring the