

with that expatriate Canadian liberal, Galbraith, and read his work "The New Industrial State".

Given the fact that we live in an oligopolistically dominated economy, even those committed to a predominantly privately-owned, market economy must honestly face the economic consequences of this fact. These consequences are that the leading firms in the major oligopolistic industries, steel, automobiles and chemicals, for example, can and do charge what they wish in our economy without fear of competition. The consequence of this, in turn, is that all other industries which depend upon their products are affected by their pricing policies and, of course, in this context, by their price increases. They in turn must raise prices. The cumulative effect is that the consumer in our society must pay.

It is quite accurate to say that today big corporations are in the position of virtually being able to tax the population at their will. I suggest that the absence of any market check on the pricing policies of these large concerns is one of the principal causes of increased prices today. Again, Mr. Speaker, the Minister of Finance (Mr. Benson) need not take my word for this; I suspect that some of his advisers have told him the same thing. If they have not, there are a number of economists in the country who would be only too pleased to point it out. We require, then, a public body with real power to provide the kind of checks which at least in some respects were provided by the conventional capitalist marketplace.

Another important cause of high prices is the high cost of money itself; that is, high interest rates. The government, because of its policies, is caught in a vicious circle in this regard. We in Canada have now an established fixed rate of exchange vis-à-vis the U.S. dollar. Also, we have a branch-plant economy whose industrial core is substantially owned by United States corporations. These corporations, in the main, refuse to sell their shares on the Canadian market. This means that although Canada has one of the highest per capita rates of saving in the world, a very large amount of our capital is in fact invested abroad; and a high percentage of that is invested in the United States. The consequence is that in order to maintain the level of our dollar vis-à-vis its U.S. equivalent, we are constantly and increasingly in need of attracting investment from the United States.

Alleged Failure to Reduce Unemployment

• (8:10 p.m.)

In order to do this, the Canadian government must always ensure that interest rates in Canada are at a higher level than those which prevail south of the border. Thus our interest rate is ultimately dependent upon the U.S. interest rate. We have in effect lost control of one of the main aspects of monetary policy. In order to regain control we require two interlocked policies: The first is to abandon our fixed exchange rate. The second and related requirement is to extricate ourselves over a period of years from our overwhelming dependence upon the U.S. economy. Time does not permit me in this speech to suggest how this can be done. My party does have programs which aim in this direction, and if implemented over a number of years, even within the framework of a mixed economy, we could have the desired degree of economic independence. What is required is the political will to make this a reality.

What I have attempted to suggest here, however briefly, is that the government, through both its monetary and fiscal policies, is responsible for existing levels of unemployment. It is pursuing policies which require change. If it wants a significant improvement, dabbling will not work. The government must break out of its own self-created vicious circle. Perhaps, in financial affairs as well as in foreign policy, the government could begin by listening to the speeches of its own Postmaster General (Mr. Kierans).

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I think that all of us have wondered during the past twelve months or so why it should be necessary in a prosperous country such as this to have, month in and month out on a seasonally adjusted basis, unemployment amounting to about 5 per cent of the work force. What worries us even more is the realization that, the way the indicators all point at the present time, this unemployment is going to increase during the present twelve months. I think all of us who have studied these matters have come to the conclusion that 3 per cent unemployment is an acceptable figure with which we can live. Naturally, we would like to have every single person in the country who wants to work able to have a job. However, when you consider the practical realities of the situation, it becomes apparent that when 3 per cent of the work force is unemployed that looks after those who are changing jobs, those who are retiring and those who are sick or are temporarily unable to fill a job. Therefore, a 3