a political nature—he has nothing left but his smile—is never querulous any more; never questioning what goes on. I remember him in the days when he was in politics. He said "Why don't we do something in Canada"?

What about employment? We said when we were in office that the unemployment situation in the United States was just as serious as that in Canada. We said automation had made it difficult for anyone to meet the problem. Hon. gentlemen opposite said no. Let me direct attention to what has been said by the organization for economic co-operation and development. That organization pointed out that Canada's economic sluggishness during the three or four years after 1957 was directly related to the weak expansion in the United States. The organization also stated that, similarly, Canada's improved prospects are largely related to the United States improvement.

In addition to that improvement, we took action. The economy is advancing; it has been advancing since 1961. We inherited a Canada in which economic preparations had been avoided for political purposes. We inherited that situation. What about the economy now? Imagine the Minister of Finance speaking in the city of Toronto on January 6; imagine what he said at that time and compare it with what he said when he sat on this side of the house. This is what he said in January. He said Canada's economy has been advancing since 1961. That is what he said when he was speaking non-politically. What did hon. gentlemen opposite predict? After all, by their predictions ye shall know them. What did the Minister of Trade and Commerce predict? I quote from the Toronto *Star* of January 23, 1963. At that time—in the year before—Canada experienced an 8 per cent increase in the gross national product. The report says:

Mitchell Sharp, who describes himself as an aspiring politician, said last night that politicians should stop deceiving the public about the state of the Canadian economy.

Mr. Sharp: Hear, hear.

Mr. Diefenbaker: I go on to paragraph 2. The hon. gentleman will find that physicians should heal themselves.

Mr. Sharp, former deputy minister of trade and commerce, announced yesterday that he would seek nomination. He predicted a mild recession in 1963. And he said the unemployment issue—"which promises to get worse"—must be treated as "a separate problem from general economic activity."

Then he went on to say what was going to happen. These are the prophets of yesteryear —and they feel pretty sorry that things did not turn out as expected. What was said by the Minister of Finance? I am reporting what he said according to the *Globe and Mail*:

The present upswing in the current business cycle began three years ago.

How they ridiculed the devaluation of the dollar. They said that was terrible. But not the Minister of Finance. Having denied that it was good, he now claims the paternity. They said it was terrible, yet the analysis of the O.E.C.D. for 1964 says:

The devaluation of the Canadian dollar and relative price stability had been the key factors in bringing about an improvement in Canada's deficit balance of trade with other countries.

They said that things had gone to pieces, that an 8 per cent growth was stagnation. Then it became 6 per cent, with an increase in cost of living representing about 2 per cent of that in 1963 and it promises to be less, I am informed, in 1964. They talked about the gross national product. They said "Why are we growing so slowly?" The latest figures show that the increase in gross national product in Canada from 1957 to 1963 was 23 per cent. In the United States it was 23 per cent, and they were not talking about ruin in that country. I have not the latest returns in respect to unemployment. With regard to reducing expenditures, I have already mentioned what the Minister of Finance said, that while they had cut off $200 million there would be greater expenditures this year than ever before.

What is the position? In 1963 corporation profits, outside of manufacturing, declined 4 per cent between the second and third quarters; bankruptcies in the first nine months were up 14 per cent over the previous year. Yet they say they have a solution. With regard to money supply, from time to time, I read that book "Troubled Canada". It is a soothing book. If you suffer from insomnia, Mr. Speaker, read it. They were going to meet the problem of inflation. They said, "Something must be done in this regard". How did they meet it? By increasing the amount of Canada's money supply by $1,300,000,000 in 1963. That must have been on orders from Washington, because these are words that have been used two or three times by the minister; "The spread between Canadian and United States interest rates has narrowed". Was the reason for the increase in the money supply the carrying out of a proposal made by Washington? That is a question to which we have never been able to get an answer. In 1962 the money supply of Canada was increased by 3.45 per cent; in 1963, by 8.87 per cent. I am not going to place all these statistics on the record, except to say that to a considerable degree the reason that Canadians today face the danger of inflation, which has ceased