

*The Address—Mr. Diefenbaker*

Then it is of interest that *Business Week*, which has no political connections whatsoever, comes to this conclusion:

Canada flouts the diagnosis. This has been a year of indignity for the Canadian economy.

I will not make any observation as to who placed the position of indignity on the economy.

American, European and even Canadian pundits have unrolled even the most dolorous phrases...

In the first half of the year industrial production rose almost 4½ per cent, a gain that matches that in the U.S. And because the 1960-61 recession was even less severe in Canada than in the U.S., Canada's economic performance over the past 2½ years has been slightly better than the U.S.

It goes on to say:

At the start of the year Canadian economists were predicting that this country's gross national product would rise 7 per cent in 1962. The current generally accepted forecast is for a GNP of \$39.2 billion, up 6 per cent from last year. It therefore looks as though Canada's economic performance will come much closer to matching early year expectations than will that of the U.S.

And I could go on. I do not want to clutter the record, but I think I should mention, in support of a suggestion made earlier today, that the attitude taken by the opposition, more particularly accentuated during the election, was not beneficial to Canadian confidence. In that connection I would read from the *Northern Miner* of July 26, 1962. It says:

The late political campaign produced a fine crop of destructively untrue and unjustified allegations designed to swing votes against the government.

I need not indicate the area of the house from which those statements emerged.

As a matter of fact, it looks as though this smear campaign startled U.S. and European investors in Canada to the point of pulling a lot of money out of this country, creating the sudden exchange crisis. Politically it was effective. There is no doubt that the scare, as interpreted by the general public, has cost the Diefenbaker government a lot of votes and probably a number of seats.

I am not going to go into a lengthy summary of an economic review, but on other occasions it has been stated that when I spoke I had not given any general indication of the economic situation. I am going to leave this to one of my ministers, but I would like to make some general observations in connection therewith.

The Canadian economy has continued to expand throughout 1962, with the advance taking place on a broad front. The Minister of Justice, formerly the minister of finance, dealt with this at some length yesterday and will be dealing with it again. However, I would point out to the house that the six indicators of recovery which were used by President Kennedy in his T.V.-radio address of August 13 are of interest. In connection therewith he compared current levels with those of some one year earlier, and I take

those six indicators and place before the house the comparison with Canada. I mentioned the gross national product. It says in Canada the gross national product in the second quarter of 1962 is running at a record level. In real terms it is also in the same position. The seasonally-adjusted index of industrial production reached a record level of 186.8, based on comparison with 1949, with 100 as the basis. In July, 1962 it was 7.7 per cent above the level of one year earlier.

Now in connection with production, steel ingots 10.8 per cent above the level of the first eight months of 1961. Pig iron production up 14.4 per cent over January-August 1961. Lumber was at an all-time high record; the output was 10.8 per cent above the comparable January-July 1961 level.

**Mr. Fulton:** That was helped by devaluation.

**Mr. Diefenbaker:** Yes, that is true. I will come to that. I am glad to have that observation, and I will mention devaluation in a moment. A number of important minerals in the first half of the year compared with one year earlier. Iron ore was up 84.8 per cent, nickel 10 per cent, and zinc production up 13.9 per cent; crude petroleum output up 16.2 per cent. With regard to motor vehicles, the number of units produced in the first eight months of 1962 surpassed the total for 1961 by 29.8 per cent. Personal disposable income has risen to a new all-time high this year. Wages and salaries, including military pay and allowances, were running at a record rate, 6.9 per cent over one year ago. Corporation profits before taxes and before dividends paid to non-residents reached a seasonally adjusted annual rate of \$3,868 million in the second quarter of the year. This is the highest level ever attained, and exceeded the total for the second quarter of 1961 by 15 per cent.

Let us compare those figures with the United States, because after all we are always told how far behind economically we are, that we should get Canada going, and there is all the doom and gloom. Comparing the gross national product with that of the United States, the seasonally adjusted annual rate was 0.7 percentage points higher. Industrial production was slightly below that of the United States. Canadian unemployment rates showed a drop of 62 per cent between January 1961 and August 1962, almost double the 31.2 per cent decline in the United States. Personal disposable income was 11.1 per cent higher in the second quarter of 1962 than in the first quarter of 1961. The United States increase was 7.8 per cent. With salaries and wages we were slightly behind the United