

The Address—Mr. Diefenbaker

Mr. Diefenbaker: Since that date we brought about this change. As I said in these words in my television speech, "It has intensified in the last few days". The intensification started in earnest on the 15th. The 16th was a Saturday; the 17th a Sunday. These figures tell their story and answer once and for all the allegation that we had anything to conceal during the month of June that we did not place before the Canadian people.

Mr. Pearson: Mr. Speaker, would the Prime Minister permit a question?

Mr. Churchill: The Liberal party is disgraced.

Some hon. Members: Oh, oh.

Mr. Pearson: If the situation was as described by the Prime Minister, why did he not mention any aspect of it in his broadcast to the Canadian people on June 14?

Mr. Diefenbaker: Because, as I have pointed out, the situation was not serious then.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Hon. members opposite say oh, oh, and I throw back to the Leader of the Opposition this, that as a result of the attitude of the opposition during the days of an election, an opposition which did not care what the consequences were in undermining Canada, these things were accelerated.

Mr. Pearson: Oh, how cheap can you get. You cannot get lower than that.

Mr. Diefenbaker: What did the hon. gentleman say?

An hon. Member: Why don't you tell us the truth?

Mr. Fleming (Eglinton): He said, "You cannot get lower than that".

Mr. Diefenbaker: I am not going to enter into any argument with regard to altitude with the hon. gentleman.

Mr. Pearson: I wouldn't.

An hon. Member: Pearson said that.

Mr. Diefenbaker: Oh, I am glad to hear where it came from, because that is indicative of the kind of thing he has been indulging in all through the summer—

Some hon. Members: Shame.

Mr. Diefenbaker:—vilifying and ridiculing. I thank him again, because people across Canada are beginning to wonder, "Where is that man we used to know?" What has happened since? There were other transactions during these periods which affected the fund. I cite these figures to illustrate the magnitude of the sales that were made in the market to

[Mr. Pearson.]

sustain our exchange rate. During July the reserves increased by \$306 million, \$60 million of which resulted from the advance payment by the government of France on post-war credits extended by Canada to that country. During August the increase in our reserves amounted to \$216 million.

Mr. Speaker, I think I have covered the situation in particular, and I summarize it briefly as follows. The action taken has now been placed before the house and the country. Those figures, as I say, would under ordinary circumstances not be revealed; they are revealed in the totals at the end of the month. But under the circumstances, so the Canadian people can understand fully who was telling the truth, those figures have been placed before the House of Commons and the people as a whole.

I have mentioned that progress has been satisfactory and encouraging since the program was announced. Our primary task now is to restore confidence. This is being achieved. Reserves have improved steadily since the measures were taken. As another mark of returning confidence, the Minister of Finance was able to announce on September 13 that negotiations had been completed for the sale of a \$250 million long term, government of Canada bond issue in the United States to private investors at 5 per cent. The proceeds of this issue, which will come in over the next several months, will be used to reinforce Canada's official exchange reserves. It is our view that with Canada's growing volume of trade, the very large volume of investment and the fixed exchange rate, it is essential to increase our holdings of foreign exchange reserves at levels higher than the last decade. The placing of this government bond issue in New York makes clear to Canadians and foreign investors alike that Canada welcomes the participation of outside capital in our economic development. We intend to continue to make Canada hospitable to investment even though we intend to press forward to encourage Canadians to invest more and more in the ownership of their own industries and resources. The success in obtaining this long term loan from private investors is a solid demonstration of Canada's ability to attract capital, and clear evidence of our high credit standing abroad.

In view of the long term loan, the Minister of Finance has announced that \$250 million out of \$400 million stand-by credit obtained in June from the export-import bank of Washington had been terminated at the request of the Canadian government. Since June there have been improvements in our balance of payments, production and employment.

I place before the house the general financial picture, which has improved since June.