

*The Address—Mr. Diefenbaker*

that term. It is interesting to note that the Victoria daily *Times* gives the answer to the Leader of the Opposition in this connection. I understand that the head of this paper is a great Liberal protagonist. He says this of austerity:

Whoever introduced the word "austerity" to Canada did a good service for the crackpots—

**Mr. Fleming (Eglinton):** Hear, hear.

**Mr. Diefenbaker:**

—a bad disservice for the nation.

In the first place, the word is quite inaccurate as applied to the policies of the Diefenbaker government. No such thing as "austerity" has been imposed on the Canadian people—yet.

More important, by calling the government's policies "austerity" the crackpots can make them sound evil, cruel and unnatural.

Bruce Hutchison has spoken well on many occasions.

Even the great majority of Canadians who are highly prosperous can be made to suspect that they are suffering serious hardships if they are told so often enough.

Those are the first two paragraphs and I recommend them to the edification of the gloomsters sitting opposite. Such words were used yesterday as "catastrophic," and indeed the book of antonyms and synonyms was combed in search of adjectival exaggeration.

I now intend to deal with the question of our exchange position, a position which followed some ten years of development within our country. Deficits in international trade and in other elements have amounted to over \$9 billion in that period of time. When I hear the opposition talking about how terrible the conduct of the government was in this connection, and that nothing like it had ever taken place previously in Canada, I wonder whether they expect that the minds of those who sat in this house in 1947 have eradicated the memory of that year.

I recall the speech delivered, I believe from London, by the then prime minister of Canada in which he stated "all is well; multilateral trade has been achieved." He had hardly left the airwaves when Mr. Abbott, the then minister of finance, in effect said "Not yet," and imposed by order in council, for which there was no legal authority, the most drastic measures that had ever been used in connection with the economy of the country. It was the only time a law was ever made in this country by radio. It was in the month of November that these measures were imposed, and the collections continued until March, 1948 before parliament passed the retroactive legislation to legalize them.

They speak to me about respect for parliament. Is it something new? I am sure that nobody who has listened to Mr. Barkway will say that he is completely impressed by this

[Mr. Diefenbaker.]

government. On June 30, in the *Ottawa Citizen* he wrote an article headed Financial Crisis, a Familiar Story:

Canada is facing one of those financial crises which are only too familiar to the rest of the world, including all the sterling area countries.

Britain has been through them several times since the war. Once it was driven into a drastic devaluation, and once it averted devaluation only by the most dramatic increase in bank rate that any of us have seen. Australia has been through them. Indeed, the majority of one which Mr. Menzies now commands in the House of Representatives resulted—in common belief—from his government's determination before the election to maintain external stability by restricting domestic expansion.

Then he goes on to deal with the problem, and he points out that it has happened over and over again. Much has been said in that connection, and I think I ought to place on record a list of the countries which have had to adopt remedial measures to deal with balance of payment problems in recent years. It includes the United Kingdom, to which I have already referred, Japan, Australia, New Zealand, France, Mexico, the Netherlands, Israel, Union of South Africa, Peru, Pakistan, Spain, Turkey, United Arab Republic, Yugoslavia, and in 1947, Canada.

I shall not fill the record by what was done by these various countries, but simply point out that this action is not abnormal. The action that we took was within the statutory right of the government to take, and we were not in the position of the government in 1947 when it imposed those drastic measures without any authorization by parliament, or any power to do so.

What about 1947? Have the opposition forgotten the severe depletion of Canada's foreign exchange reserves that made it necessary for the Canadian government to adopt special measures to bolster up foreign exchange and provide for the replacement of official reserves? Since the reserves fell so drastically in both cases, at present and in 1947, it is well to go back and see what happened in 1947 and ascertain from that the position today.

The early post-war period was characterized both by abnormalities in the international background and by the size and strength of Canadian import demands during a period of unprecedented prosperity. In saying that I am accepting at the moment the view of the official opposition in that they always speak of a period of unprecedented prosperity. The international background weakened the Canadian balance of payments position, and we found ourselves getting more and more into the red in our foreign exchange.

A feature of Canada's balance of payments position was a steady decrease in imports from the United States due to a high level of activity in Canada. During the whole period