to be creeping inflation, is the manipulation of the money supply at the direction of the Minister of Finance.

Mr. Woolliams: He got it from the hon. member for Red Deer (Mr. Thompson).

Mr. Diefenbaker: What about United States investment? I want to hear the minister on that subject, because that is one thing that still remains with him; he can still block United States investment even though some of his other prerogatives have been taken away. We said that punitive and unrealistic measures would worsen the atmosphere between Canada and the United States. The hon. member for Digby-Annapolis-Kings (Mr. Nowlan) dealt with that subject over and over again. We said they would not work; that they would bring about a drastic curb on United States investment; that they would shake the confidence of business in the Canadian economy.

Sir, all these measures were theories enunciated in the book "Troubled Canada". In this day of sequels I can see the hon. gentleman writing a book entitled "Nobody knows the trouble I've seen". He does everything he can to curb United States investment and then he announces in Toronto, when speaking to responsible businessmen, who have some of the answers for the questions that he does not understand, "We shall require large inflows of capital for many years to come".

What did he do about it? He first brought in the proposal with regard to the 30 per cent tax. This was it, Mr. Speaker; this represented the quintessence of economic wisdom—and they left it as a foundling within a week or ten days. Then they brought in further legislation to provide for the 20 per cent tax. What about that? I know that Dillon and Hodges are not officially members of the cabinet of Canada, but what did they say to him when he made the pilgrimage to Washington recently? They told him something of importance, Mr. Speaker, because when he left there he said "Things are changing". That means they told him "You are changing, and the legislation you brought in will have to be withdrawn". There is no doubt whatever that this happened. As a matter of fact there have been various reports in connection with it.

We believe in the Canadianization of industry. We believe it can be achieved in the manner in which we set out to do it, by providing encouragement to Canadians rather than by the implementation of discouraging legislation and curbs, causing discrimination and retaliation. The policies this government has brought in cannot work; they have not worked. I have not the latest figures—I have not been able to get them—and perhaps they are better than those for the three month period which I have available, the period to the end of September. But in those three months after this legislation was introduced, United States investment in Canada was reduced by an average of $100 million a month.

Now the minister says "We have to have investment". I think, though, that after his visit to Washington the last remnants of the budget in that connection will disappear. He has prepared the public for another withdrawal. I was reading just the other night about Napoleon, who used to prepare the French public for military reversals by articles in "Le Moniteur". That is what happened in Washington. The minister said the matter was being looked into. Today the hon. member for Burnaby-Coquitlam (Mr. Douglas) raised the question of Schlitz and the proposition regarding Labatt's, and the answer was that nothing could be done. What about investment? What did Mr. Kierans, who is now a member of the cabinet of Mr. Lesage in Quebec, say? He said that the Canadian attitude toward foreign investors is despicable, purposeless and a threat to invigoration by provincial authorities of their backward areas. Then he went on to condemn it in even stronger language.

What did others say? I am going to quote several because I like to call witnesses to the floor who give evidence in favour of the other side, and the one I am going to refer to belongs to that group. I refer to Mr. R. M. Fowler, president of the Canadian Pulp and Paper Association, one of the brain children of the Liberal government. It has even become too much for him. Let me read what he said in his speech of January 31. I should like the Minister of Finance to hear this because this is one of his friends, but I see he is not listening. Perhaps it is the name "Fowler"; because, as it says in Proverbs, "Beware of the fowler with his net". Mr. Fowler says:

> The fact surely is that we—

That is, those who sit over there—

> —are badly mixed up in our policies toward foreign investment in this country. We say we are glad to have had a good deal of foreign money coming in, and we are going to need more of it in the future.

They are almost the epitome of the words of the minister.

> But we are terrified over the sheer size... And we tinker with discriminatory taxes only to discover that they produce, in particular cases, results which we never intended. This is surely a weak and inconclusive and slightly disgraceful posture for national policy to take.

Note that he would not say of his friends over there that it was a disgraceful posture,