

earn income will have incomes of less than \$750 in the single bracket and \$1,500 in the married bracket. Keeping those figures in mind, I wish to discuss the minister's statement with reference to normal production, to be found on page 2548 of *Hansard*, where he is reported as having said:

Moreover, our revenues are based on very high levels of production, incomes and imports which we probably cannot expect as normal levels in future years.

The question that immediately comes to my mind is, why does the minister call the present level abnormal; why does he suggest that we shall not be able to maintain our present levels of production in the future? I suggest that when the Minister of Finance makes a statement of that kind he is bound to create a feeling of lack of confidence in the minds of the people. There is no doubt that our production can be expanded considerably above present levels. At the same time there is no doubt that with over fifty per cent of our population today receiving low incomes we can greatly expand the consumption of goods in this country to provide an effective demand for any increased production that we may be able to accomplish.

In other words, that fifty per cent of the people in the low-income brackets represent a great potential market which we should develop in the future instead of spending so much time and energy in trying to find new markets here or there. It is high time we realized that right on our doorstep we have a potential market which we have never tried to develop in the past. After all, that was to be the purpose of the new order, to guarantee a Canadian standard of living. The Minister of Finance, along with many others, apparently takes it for granted that under our system we are bound to have booms and depressions; because we happen to be up today, he takes it for granted that we must be down tomorrow. Just because we have tolerated slumps and depressions in the past is no reason why we should be prepared to tolerate them in the future. They are not acts of God; they represent the stupidity of man in failing to deal with his economic problems.

I would say that unfortunately the policy of the government today is headed for lower production which may very well result in a depression. If you talk and think in terms of lower production, you will get lower production. In two or three places in his speech the Minister of Finance emphasized the fact that we could not expect to maintain national production, income and employment at present levels. I would suggest that the reason the

minister says that is that he does not believe we can maintain an effective demand against that production in the future.

The Minister of Finance referred to the temporary nature of income from reconversion, from the spending of war savings and from our export sales on account of shortages caused by the war. The minister is not alone in that; that is the stand taken today by most financial authorities. The same stand was taken by the governor of the Bank of Canada in 1946, and it has been taken by Beardsley Ruml in the United States and by many other economists. They all fear that we face a depression in the near future, as a result of the fact that we shall have difficulty in maintaining demand against our production. I would say that in Canada we are very fortunate, because, our main problem is that while we can produce an abundance of goods for the people, apparently we cannot provide the necessary purchasing power to the people with which to buy that production. If our problem was that the country was so barren that we could not produce the goods the people required, then we would have a real problem on our hands. Fortunately that is not the case.

I want to deal with this question on a national basis and at a later time I shall deal with the international aspect of it. The Minister of Finance emphasized that when a nation exports goods it must be prepared to accept imports in return, to balance the trade; well so long as we do that we will not change the internal situation. It then becomes a matter of balancing effective demand with supply, whether that supply represents our own production or the production of other nations for which our own production has been exchanged. The problem remains the same just so long as you maintain the balance between your exports and imports. Referring to the times when our production and income fall off, the Minister of Finance had this to say on page 2553 of *Hansard*: *

We must expect, I believe, that at times when our employment, production and incomes are below satisfactory levels, our revenues will fall short of our expenditures. Indeed, at such times it will probably be necessary to incur expenditures of various kinds to assist in restoring better levels of employment and income.

What does the minister mean by "satisfactory levels"? He talks about having lower levels of production, and I should like to know what he means by "satisfactory levels." Will he agree that when our production and income fall below the optimum level, that level is unsatisfactory? That is, will he admit that just the minute our production falls below