

the highest level that we are able to accomplish and that the people desire, then it becomes an unsatisfactory level, and it would be the duty of the government to immediately make the necessary expenditures to maintain production at the high level? As pointed out already, the greatest danger to optimum production is a lack of effective demand. I would suggest to the minister that the most equitable way to build up effective demand today would be by expanding the purchasing power of those people who are needy and helpless. That is why in this group we have consistently urged that we should immediately take action to pay an old age pension of \$50 a month at the age of sixty and a pension of \$50 a month to all who are physically incapacitated and unemployable. The pension for those physically incapacitated would, of course, have to be graded according to their degree of disability. I suggest that it is not necessary to wait for an agreement with the provinces to do that because, if the federal government accepted full responsibility for paying these pensions, no province would, I think, object to receiving the sum on behalf of its people, and of course the pensions should be paid without the application of the means test.

The Minister of Finance would no doubt protest against the financial cost of such a proposal because, when it was suggested last year, I recall that the Minister of National Health and Welfare (Mr. Martin) objected that the financial cost would be altogether too great. On the other hand, I do not think anyone in the house will dare suggest that we shall not have the goods in this country necessary to satisfy the demand that would be created by the payment of those pensions, because, remember, the great problem we are afraid of in the future is lack of an effective demand, and that would be one way of creating an effective demand against the production that we know we shall have in this country. It is not a question of money; it is a question of goods. During the war the government repeatedly said that no financial limitations would be allowed to impede our war effort. Then why should we allow financial limitations to impede us in peace time and bring on a depression?

I recall a speech which the Prime Minister (Mr. Mackenzie King) made in 1944, in which he said that after the war it should be easier to obtain the money to finance production and reconstruction than it had been to finance the war effort, and, further, that it should be possible at the same time to reduce both debt

[Mr. Quelch.]

and taxation. It might be well for me to read just what he said, because no doubt he meant what he said at that time, and it is necessary that we should keep those words of his in mind today when people talk of our not being able to get the money to meet necessary expenditure, although we were able to finance five billion dollars a year for our war effort. I refer hon. members to page 2101 of *Hansard* of April 17, 1944. The Prime Minister was replying to a question by the leader of this group who had asked where the money was to come from to finance post-war projects which had been referred to, and the Prime Minister said:

My purpose in speaking in answer to my hon. friend was, however, to point out that if it has been possible in this time of war for this country to raise the enormous sums which have been raised to help pay the cost of the war, running into billions of dollars, it has been possible to raise at least half of the total cost of the war at the time of the war itself, it should be a very much easier task for the government to raise the money that will be necessary for the purpose of reconstruction. It should be easier for this reason. The money we are raising today is being raised unfortunately for the purposes of destruction of human life and property, and this on a colossal scale. The money that we will have to raise for purposes of reconstruction will be money that will be used for purposes of construction, used to further increase all commodities in order to satisfy human wants. Once a human want is satisfied, it seems to be the case that new wants are thereby created which will also have to be satisfied. I think it will be possible to satisfy many wants by maximum production of useful and usable commodities. It should not be difficult to obtain the money, in other words the effective demand, which will be essential, and at the same time I would hope to reduce taxation and also debt.

I am sure that every hon. member would like to agree with that statement, but it is not borne out by the record of history. We did not appear to have very much difficulty in financing the war of 1914-18, nor did we have difficulty in financing the war of 1939 to 1945. But I recall that during the 1930's we were told time and again in this house that it was impossible for the government to finance this or that because it lacked the money. The Prime Minister said that it should be easier to finance production and reconstruction in peace time than it had been to finance the war and that we should be able to maintain production and employment and income at the maximum level and at the same time reduce debt and taxation.

Mr. LOW: That is the challenge facing the government right now.

Mr. QUELCH: Would the Minister of Finance agree with that statement of the Prime Minister? Apparently he does not, or