

denly taken from one type of employment or service and placed in another to produce civilian requirements.

Canada's present prosperity and employment are, on the whole, well distributed throughout the country. In 1938, one year prior to the war, our national product, which is our current production of goods and services, amounted to \$5.1 billion; but to-day, one year after the war, it is estimated at over \$11 billion. It is only fair to say that that figure may drop as the result of interruptions to production. The reason for this continued high level of production, employment and income is that the demands of war have been replaced by other demands which are supported by effective purchasing power.

There are three main factors which determine our prosperity and the degree of employment we shall have in peace time. The first is our income from exports. The question of exports was touched on this afternoon by the hon. member and he also placed it as the first factor in the reconversion and prosperity of our country. I put it in the same position. If we are able to produce and export we shall have a prosperous country with the highest type of living standard. The second factor is the private enterprise expenditures which include both skilled and unskilled labour. The third factor is the spending power, or what might be termed the consumers' expenditures. To me production should be our primary objective, both for its own value to our country and to satisfy the need of goods in other countries and as a safeguard against the dangers of inflation.

As a businessman I have done everything possible to hold prices down and to get volume up. The time has arrived when there is no need to restrict production in order to conserve resources for war. Civilian production must be given the green light so that we may aim at high-volume production for civilian purposes despite shortages, strikes, delays and uncertainties and by these measures overcome the danger of inflation and high prices.

Now, a few more figures from this budget. First, the revenue figure of \$2,510 million forecast shows that there will be a decline, or saving, of \$446 million in the 1946-47 estimate as compared with the 1945-46 figure. On the other side, expenditures show an expected outlay of \$2,769 million, or a deficit of \$259 million compared with \$822 million for last year, or, in other words, a reduction or saving this year of \$563 million.

Before leaving these figures I believe I should point out a few facts which have been overlooked by a great many. Personal income taxes will be reduced by \$52 million. This

item includes the great majority of our citizen taxpayers. Excess profit taxes will be reduced \$154 million. This will make additional money available for expansion and production, I hope resulting in increasing employment.

I am coming now to the morning after the night before. The morning newspaper published on the day following the bringing down of the budget, which hon. members will recall was brought down on Thursday, June 27, published heavy type and bold headlines which went something like this: "Disappointed".

Some hon. MEMBERS: Hear, hear.

Mr. ISNOR: I hear "hear, hear." "Low income group fail to get expected relief," and "Tax reductions prove disappointing" and "Islesy's first peacetime budget gets chill reaction". I am putting these headlines before the house to show how non-partisan I am, how honest I am. I feel it necessary to point out a few definite facts with regard to the benefits and savings which do mean something to the Canadian low-income group of taxpayers. The income tax changes effective January 1 next will mean that between 550,000 and 600,000 persons at present paying income tax will be removed entirely from the list of taxpayers. Let hon. gentlemen opposite say "hear, hear" to that.

Mr. ROSS (Souris): When will they be removed?

Mr. ISNOR: Surely this means something to those in the low-income brackets. It removes at one stroke twenty-five per cent of the present taxpayers.

Mr. CASSELMAN: You mean it will?

Mr. ROSS (Souris): If they live long enough.

Mr. ISNOR: Second, it means that single persons now enjoying an exemption of \$660 will be given an added exemption of \$90. The married person, whose present exemption is \$1,200, will have an added exemption of \$300.

Mr. HARKNESS: That will be a great satisfaction in the spring of 1948.

Mr. MACKENZIE: That will be long before the Tories get into power again.

Mr. ISNOR: May I give a few illustrations to show the savings that will be effected:

Income	Single Person		
	1946 Tax	1947 Tax	Saving
\$1,000	\$77	\$55	\$22
2,000	370	313	57
3,000	692	593	99
4,000	1,070	896	174
5,000	1,452	1,206	246