

The income tax deductions which were announced by the minister in his budget are not too great an achievement. We were entitled to expect that there would be deductions to that extent. They are certainly nevertheless an acceptable step in the right direction, notwithstanding what might be suggested by the hon. member for Restigouche-Madawaska (Mr. Michaud).

In closing, let me urge upon the minister and upon his department that the government endeavour to economize in the year which lies ahead, so that next year they will have their financial house in order, as it should be now, and be in a position to give the people of this country additional tax reductions, not only income tax deductions but deductions in those nuisance taxes, sales taxes and other taxes which are bearing so grievously upon them.

Mr. M. E. McGARRY (Inverness-Richmond): In rising to say a few words in the debate on the budget, I wish to preface my brief remarks by extending hearty congratulations to the Minister of Finance (Mr. Abbott) who presented a very good budget in a lucid and impressive way. The minister has brought to the house, to the taxpayers, to the industrialists and to all who are concerned with the economy of the nation an encouraging message. He presented it in such a lucid way that all intelligent people can interpret and understand it, and I am sure they will appreciate it as well. I submit, as the minister himself has admitted, that the job of preparing a budget such as this, with all its virtues, was made comparatively easy because of the splendid condition in which he found the Department of Finance and the economy of the nation, owing to the efficient control afforded by his predecessor and by the series of controls which kept prices down and prevented them from sky-rocketing to altitudes which would be disastrous.

I wish to congratulate the hon. member for Muskoka-Ontario (Mr. Macdonnell) on his splendid efforts. I join in the expression of sympathy extended to him by my colleague the hon. member for Halifax (Mr. Isnor). I really believe that we harbour in our hearts more compassion for the hon. member than did his own party because, knowing he was not physically fit on that day, they imposed an impossible task upon him. They asked him to weave a fabric of constructive criticism when they knew full well that he had not the warp or the woof to make such a garment. In spite of the fact that the workman was quite efficient, he had no material to work with.

The hon. member for Muskoka-Ontario pictured a dim and gloomy condition for the industry and economy of the nation. His diagnosis was not correct, and when he undertook then to pronounce a prognosis for what was to occur in the future, I say that, as these two things go, particularly in medicine—I believe it is the same in politics—if your diagnosis is wrong you have very little upon which to base your prognosis.

I disagree with the hon. member's diagnosis when he pictures such a gloomy condition in our economic affairs, because certainly he knows very well, as everyone in Canada knows and as the world knows, that the economic condition in this country today is quite sound. It must be. After a comparatively short period, after the cessation of the most depleting war, we find 1,000,000 men who were engaged in war services now being placed in industrial pursuits. We find today that our external trade has reached a level that was never before attained. We find that the savings in the banks have increased by large proportions since 1939. We find a great increase in bond holdings, a great increase in life insurance. So that when one looks around him, if he is not prejudiced, I cannot understand why any person would stand up in this house or anywhere else and say that our economic and industrial condition is deplorable, when, as I said before, not only the Canadian people but people throughout the world know that our condition in that respect is sound.

I now come to a point of agreement with the hon. member for Muskoka-Ontario, when he says that governments cannot start industries, that they are not supposed to start industries. I agree with him there. But what governments can do, and what is the responsibility of governments, is to legislate so that opportunity for the initiation and the development of industries will be made possible. On the other hand, private industry must do its share. It is not a bit of use for the government to legislate wisely or to afford opportunities for private industry unless private industry and we ourselves take advantage of that opportunity.

We will all admit that during 1946 a great many of these opportunities were not taken advantage of. At a time when the whole world was hungry, many people starving, and prices and production were at such a high rate, it was unfortunate that we in this resourceful country did not take advantage of that condition and increase production to its full limit. But our production was