

**Hon. Mr. Hayden:** When I said this I was expecting Senator Croll to rise to the bait, which he did. If they applied the 2 per cent across the board, the amount of money realized would be fantastic. Why should there not be a ceiling? This does not impose a tax on anybody who cannot afford to pay. The payments for people who cannot afford to pay are made out of the general revenues.

**Hon. Mr. Croll:** Do you know that a married man with two children has to pay tax on everything he earns above \$2,500? Can he afford to pay? He cannot possibly live with less than \$4,000 per annum, and yet he has to pay part of that tax

**Hon. Mr. Hayden:** If he did not pay part of the tax he would have to pay directly for the things that are provided by the tax. We are getting into what I regard as being an attempt to say, as I have heard said in other places, that the policy of taxation should be a policy of soaking the rich.

**Hon. Mr. Croll:** Yes. You agree with that.

**Hon. Mr. Hayden:** I would say that the policy operates in that way a great deal of the time. That necessarily may be so relative to their position and status in life, but people in the lower bracket of incomes are getting more benefit out of the social programs that are provided than are the people in the higher brackets.

**Hon. Mr. Croll:** So they should pay more?

**Hon. Mr. Hayden:** And the others should pay more for getting less? Well, my honourable friend has his ideas on this, and I would not even try to change them. But there has to be sense and reason in the levying of any tax.

I can remember that we were told recently that the rate of levy had gone beyond reason in the rates that were established for estate tax purposes. I have forgotten now on which side of that question Senator Croll was—whether he was of the view that estate tax levies had exceeded what was reasonable—but I suppose people take different positions in respect of different tax matters, depending upon how they think them out. If you do not relate the benefits to the areas where the greatest enjoyment is provided, and you do not expect those people to pay something, that changes the picture. But let us take the case you have noted, of a man who has a taxable income of \$2,500. His tax will be 2 per cent of \$2,500, which is \$50. Any kind of

medical expense or hospital care that he might contract during the year would be bound to exceed \$50.

**Hon. Mr. Croll:** Now that the estate tax has been mentioned, I should like to point out that I made it very clear that I was a complete supporter of that bill in its original form, which was the form in which I wanted it adopted. I wanted no undertakings. I thought it was a good bill. In some measure it soaked the rich. I am in favour of that.

**Hon. Mr. Hayden:** I should have suggested that my honourable friend make his speech after I am through.

**Hon. Mr. Croll:** Well, I thought I should give you that.

**Hon. Mr. Hayden:** However, I am sure my friend will acquire a larger audience outside this chamber when the newspapers pick up what he has said, and not what I have said.

We have precedents for this type of levy. They are in the Old Age Security pension, the legislation respecting which was enacted in 1951 when there was a tax of 2 per cent of taxable income with a ceiling of \$60. I think my friend, Senator Croll, supported that. Then the rate was increased in 1959 to 3 per cent, and I am sure my friend supported that. The rate was increased again in 1963 to 4 per cent, when the pension was increased; and then again in 1967 the ceiling was increased from \$120 to \$240 on the introduction of a guaranteed supplement. So, we have examples there. We have the Canada Pension Plan which came into existence in 1965. These are all examples of this form of taxation.

As I say, I subscribe 100 per cent to the principle that if you are providing welfare plus hospital care and medical care to all these people, then I think any public financing of it by the Government should be done by way of a special tax. In that event the people know what they have to pay for what they are getting, that it costs money, and that there is a limit to what can be paid for out of the general revenues without increasing them beyond what is sensible in the circumstances.

I have already taken up too much time of the house, but there are a couple of other items, one of which concerns the children's allowances. Here I refer to clause 5 which is found at pages 6 and 7 of the old bill, and pages 7 and 8 of the new bill, and which amends section 26(1)(c), (ca) and (d). It provides a deduction of \$300 for children under