

is the personal income tax. But the division of the tax among the various classes of taxpayers must be made according to distributive justice; that is to say, the scales and exemptions must be so distributed as to leave to everyone, first, the minimum necessary to meet his family expenses and, second, the incentive to produce to the maximum of his ability and to improve his standard of living. These two factors, together with the needs of the state, have to be taken into account and coordinated in setting up the exemptions and scales. They were taken into account last year and this year by the past and present ministers of finance, whom I congratulate on the manner in which they have done their best to protect the Canadian family.

To my great astonishment I have read editorials blaming the Minister of Finance for having proposed an income tax system which does not protect the family. I have studied the reasons given for such charges and I think the persons who made them did so only after a rapid glance at the tables given in the budget. Could it be after such a rapid glance that the hon. members for Rosetown-Biggarr and Peace River made their charges, accusing the Minister of Finance of not having sufficiently relieved the taxpayers in the lower income brackets? Well, they know. As an example, I took the tables placed in *Hansard* by the hon. member for Rosetown-Biggarr at page 2808. There one may notice that a man without children earning an income of \$2,500 would have to pay, at present rates, an amount of \$243. In 1948 his tax will be \$170. A married taxpayer with two children and with family allowances, earning an income of \$2,500, would benefit by a reduction of \$63 in 1948. The reduction for the married taxpayer without children would be \$73. The reduction for a married taxpayer with two children would be \$63; that is to say, a difference of \$10 in favour of the married man without children; but what counts is not so much the reduction itself as the amount which has been left to the taxpayer at the end of the

year. While the married taxpayer without children would have to pay in 1948 an amount of \$170 in taxes, the married man with two children will receive \$144 in family allowances and his income tax will be \$130, which means that the net position of the married man with two children at the end of 1948 will be an income of \$2,514. Not only will he not contribute by an over-all direct tax disbursement to the general welfare of the community; but, owing to the fact that people without any children and people earning large incomes have paid their shares, he will receive \$14 more than his actual income. Is such a policy not one that is protecting the father of a family? It is an example of a married man with only two children.

Let us not forget that the more we reduce the income tax rates, the less difference in disbursed money there is between the various classes of income taxpayers. For instance, in the years when the exemptions were at \$400 for each child and the rates in some cases were as low as three per cent the exemptions for certain classes of married income taxpayers meant only a reduction in tax of \$12 per child. As I said, it all depends on the rates of income tax. The lower the rates, the smaller the difference in disbursed money.

It is important at this point to study the combined effect of family allowance payments and tax reduction. One has to remember that for children under sixteen years of age the exemption is \$100 plus family allowances. For the lower brackets of income taxpayers the amount of family allowances received represents more than \$400 in exemption on income. With the leave of the house may I place on *Hansard* a table showing the value of family allowance payments calculated as an equivalent deduction from income under the income tax at various levels of income. The table is prepared for a married man with two children in 1948. It starts with an income of \$2,750, because for lower incomes the amount of tax paid is offset by the amount received in family allowances. The table is as follows:

Family Allowance calculated as an equivalent deduction from income under the income tax at various levels of income

(Married Man—two children)

Income	Family Allowance Payment	Equivalent Income Deduction	Income Deduction now given in addition to F.A.	Total Income Deduction	Income Deduction per Child
\$	\$	\$	\$	\$	\$
2,750	144	870	200	1,070	535
3,000	144	720	200	920	460
5,000	144	720	200	920	460
7,000	144	600	200	800	400
10,000	144	480	200	680	340