

distinction between the bachelor and the married man, having regard to the latter's duties and responsibilities? That is the point of my argument.

Mr. ILSLEY: I do not know what the test is that one applies. We tried to preserve as much tax advantage this year for the lower categories as they had last year.

Mr. HANSON (York-Sunbury): The minister means he has tried to preserve the same ratio?

Mr. ILSLEY: Yes. Let me explain what I mean by that. In the taxes for last year there was a \$400 exemption in the graduated tax for each child. The first or lowest rate was 15 per cent; that would give a tax advantage to a person in that income rate of \$60 for each child. We thought it would be a little harsh perhaps to start at the lowest so that we took the second lowest, which was 20 per cent. The people who have incomes of—I do not know exactly—\$2,500, let us say, to be in the 20 per cent class, got a tax advantage last year of \$80 a child. This year, therefore, we put in the graduated tax a tax advantage of \$80 a child. That gave a greater tax advantage than last year to the \$1,000 man, to the \$1,500 man, to the lower income people; but it gave a smaller tax advantage to the taxpayers with incomes of say from \$2,500 or \$3,000 up.

It must be borne in mind that a person paying on an income of \$100,000—I shall just have to take figures that will not be accurate—might have a tax advantage of perhaps 80 per cent. He would have to have a pretty big income to have that, but let us say 70 per cent; there would be many married men who would have a rate of 70 per cent, and with \$400 off for a child they would receive a tax advantage last year of \$280.

Mr. HANSON (York-Sunbury): That is not very much. In the case of an income of \$500,000 it would be 98 per cent.

Mr. ILSLEY: It may not be very much. These people in the higher income groups are all flattened down so that they do not get any more tax advantage than men in the lower income groups.

An hon. MEMBER: They do not need it.

Mr. ILSLEY: We flattened the whole thing right along the line. We have given the poor man a little more tax advantage than he had last year and the richer man a little less, but we have given the same deduction right across the line.

[Mr. R. B. Hanson.]

Mr. GREEN: Would it not have been fairer if it had been calculated on the lowest taxable rate of this year's budget, which is 30 per cent? This exemption of \$80 works out on a basis of 20 per cent. It does not help much to refer back to last year.

Mr. ILSLEY: The only reason we took the 20 per cent rate this year instead of 30 per cent is that we are giving back half of it. We are giving the taxpayer a certificate for a return of half after the war.

Mr. GREEN: But he cannot eat the certificate.

Mr. ILSLEY: We have to raise a lot of money in some way, and if the people did not let us have it in this way we would expect them to lend it to us voluntarily. We would have to get it, that is all, or we could not finance. And a great many are lending. It is to catch the man who does not feel any obligation to lend that we have made him lend this money by the compulsory savings feature. That is why it is fairer to take 30 per cent in taxes than 20 per cent.

Mr. GREEN: I suggest that the minister consider that feature, whether it would not be wise to make it on the basis of 30 per cent, which would give everyone an exemption of \$120 for a child.

Mr. ILSLEY: Would the hon. gentleman suggest that we give no money back? That is what goes with it.

Mr. GREEN: I was going to ask whether or not one of the tests applied in drawing up this budget was the amount of money a person will have left to live on. It seems to me, from the explanation given to-day and from the general frame of the budget, that little consideration has been given to that aspect of it. Where the tax has been increased so greatly the exemption for the people with the lower incomes should have been increased also, so that they can at least get by. That is the test—what a person has left to live on; and I doubt very much whether it has been used in drawing up this budget.

Mrs. CASSELMAN: The budget allows a married man to deduct \$150 for his wife?

Mr. ILSLEY: That is right.

Mrs. CASSELMAN: If the wife is working and has a separate income, that is also taxed. Does that deduction of \$150 still apply to the man's income?

Mr. ILSLEY: By the amendment of which I gave notice the other day the wife can