

the future of our country will be very bad. Therefore I move the following amendment, seconded by the hon. member for Gaspé:

That section 1 of the present resolution be amended by adding the following words:

"Provided that in the case of a married person with four or more dependents, or any person granted an equivalent status under the act, whose earned income is less than \$3,000, there will be no income tax liability in respect of the taxation year 1942.

Mr. ILSLEY: At the conclusion of what I have to say I shall take a point of order and submit that the amendment is not in order. But I do not want to do that at the moment; I want to answer the argument of the hon. gentleman.

The hon. gentleman's argument is that the tax deduction allowed in respect to children is inadequate. He assumes, apparently, that there should be a tax deduction sufficient to enable a child to be supported out of that deduction. I listened very carefully to his speech, and there was a passage in it which is based upon that assumption.

I want to say very emphatically that in no income taxation system that ever existed in this or any other country has there been provision for the maintenance of children out of the tax savings. I will come back to that later and say why, but in the second place I want to say that the consideration given to persons with large families under our present taxation schedules is greater than ever before, so far as deductions and exemptions are concerned.

Mr. JACKMAN: Up to what income?

Mr. ILSLEY: Up to about \$2,500. As one moves into the higher incomes the consideration becomes less than it has been in previous years, but in the low incomes, the incomes of persons getting \$1,200, \$1,500, \$2,000 and \$2,500—there comes a point which one cannot name precisely, because it differs with the size of families—the deduction from taxes on account of children is greater than ever before.

I want to prove that. The deduction in previous years, until the 1942 budget, or the allowance which a person received because he had a dependent child, was a deduction from his income for taxation purposes, amounting to \$400 per child. In the lower income brackets the tax on the \$400, had it not been deducted, would have been at 15 per cent. Therefore the tax saving per child was \$60 in those incomes running up to \$2,000 or \$2,500. In addition, following the introduction of the national defence tax, there was an allowance made under that tax, which was 5 per cent of \$400, if I remember correctly, or \$20, making a total of \$80 per child. Under

[Mr. Dorion.]

this budget, however, we make a flat deduction from the tax—not from the income, but a deduction from the tax—of \$80 from the graduated tax and \$28 from the normal tax, making a total of \$108 per child. That makes it better for persons with low incomes. It does not make it so good for persons with high incomes. I have explained that repeatedly in this house; I have explained it in the country, yet the illusion persists that in some way or other, the \$108 being less than the \$400, this is an example of harsh treatment.

I want to go back to the first point. In our taxation system, should we provide that from his taxes a taxpayer shall have deducted an amount sufficient to enable him to support his wife and children? Well, I say it never has been done, and I do not think it ever should be done. When a person marries he expects and is expected to assume responsibilities. He does not expect the government to assume his responsibilities for him. The government makes some allowance in the taxation system, but never a complete allowance. The wage system of this country is this, that the single man gets as much as the married man. If a single man gets married he must be prepared to support himself and his wife on the income he received before he was married. If there were no income tax at all on that person, what would he have with which to support his wife? He would not have anything but the salary he always had. As a matter of fact our system is that he supports his wife and his children out of his salary, not out of tax savings. He gets some consideration, but he never could be given the full amount necessary, out of tax savings, to support his wife and children.

I want to make it clear to this house, if I can, that this \$108 per child is more than was ever allowed before. It is better than the \$400 exemption, for everyone receiving up to about \$2,500. Of course under last year's budget the rate was increased to 30 per cent instead of 15 per cent, but half or more is given back in compulsory savings. It would have been fair enough, I think, to take the 15 per cent rate and make the allowance \$60 plus \$20 or a total of \$80, but we made the allowance \$108. The public became confused as between the \$108 and the \$400 exemption and thought the government was grinding down the people with big families. We are doing nothing of the kind. This has been an encouragement to persons in the lower income tax brackets to raise large families, instead of a discouragement.

Mr. JACKMAN: What the minister has said is true as far as it goes, but it does not tell the whole story. Up to a certain point—I