

two children under 16 who next year has an earned income of \$45,000. Under the existing system, he or she would be liable to pay federal tax of approximately \$8,000 on the first \$30,000 of taxable income and \$3,957 on the balance of his taxable income over this amount. The 10 per cent surtax, which would apply against the regular federal tax of \$3,957 on the income above \$30,000, would come to \$396. For a similar taxpayer earning \$60,000, the surtax would amount to \$998, and for a taxpayer in the \$100,000 bracket it would amount to \$2,786. It is estimated that the surtax would apply to approximately 170,000 taxpayers and yield around \$115 million in additional revenue to the federal treasury. Our decision to propose imposition of a surtax was not motivated by revenue considerations. The amount of revenue generated by the surtax is not insignificant, however, and will help to reduce our future cash requirements and our resulting demand for funds from the capital market, which in turn will contribute indirectly to easing of the inflationary pressures.

Mr. Speaker, in concluding let me acknowledge that I propose this measure with mixed feelings. I am concerned that our tax system should not bear so heavily on those earning higher incomes as to stifle the individual initiative and enterprise that provides such a powerful driving force behind our economy. At the same time, I am very conscious of the necessity of subordinating many considerations to achievement of our overriding objective as a nation of bringing inflation under control.

I believe that the surtax will not prove unduly onerous in its impact during the limited period it is in effect. I think most members of the House will agree that it is fair and reasonable to expect that those enjoying an abundant share of the wealth of our economy should make a proportionate contribution to the successful outcome of the fight against inflation, a fight in which they have an important stake.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, the minister was good enough to make a copy of his remarks available to me about half an hour ago. Even so, he will appreciate that I have not had an opportunity to give this matter the very profound reflection that he has. It has occurred to me, however, that there might be one unanticipated side-effect of this proposal which has not occurred to him: this might turn out to be a disincentive to the number of people looking for my job.

Some hon. Members: Hear, hear!

Mr. Stanfield: It is also, Mr. Speaker, a disincentive for me to meet the wishes of my Liberal friends opposite by staying on. Of course, a tax measure which touches a relatively small proportion of the population that is generally considered to be rather well off will not bring about widespread protests through the country. There may be some touch of sorrow for the top civil servants who will have to return more of the \$6,000 salary increase which they received recently. I should like to say that generally it is my belief that Canadians who will have to pay this extra taxation which is being imposed would do so very willingly if they were satisfied that the government would administer the affairs of the country efficiently.

Some hon. Members: Hear, hear!

Income Tax Act

Mr. Stanfield: I believe those Canadians, like other Canadians, would consider a little extra taxation a small price to pay for a really effective fight against inflation and against waste in governmental institutions.

Mr. Speaker, we will hear more about this aspect this evening in connection with the delightful program the minister has arranged for us at eight o'clock. I would point out to the Minister of Finance (Mr. Macdonald), however, that this measure is not a substitute for the control of professional fees.

• (1510)

Mr. Broadbent: Right on.

Mr. Stanfield: Indeed, those Canadians and those Canadian governments who have been concerned that some professional people may put up their fees will be even more concerned following the presentation of this resolution to the House today. I believe that a very large proportion of professional men and women in this country will voluntarily comply with the guidelines of the government, but a number of provincial administrations are apparently concerned that some will not, and the very fact that the Minister of Finance is proposing to reduce the income of anybody who is considering increasing his or her professional fees will be an additional incentive to such people to put up their fees. In that sense, this resolution will have an inflationary tendency rather than a deflationary one.

Some hon. Members: Hear, hear!

Mr. Stanfield: So I must say that as a control mechanism, a restraint mechanism, the minister's proposal is a bust. On the other hand, whether or not it has any beneficial psychological effect will depend upon whether the government is able to get a grip on its inflationary program and make it seem somewhat effective. In short, the acceptance of this tax will depend upon the performance of the Minister of Finance and of the President of the Treasury Board (Mr. Chrétien), and we will be watching him tonight with a very sharp eye indeed.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I must say at the outset that this is a shock to me. It is an absolutely cheap way for the Minister of Finance (Mr. Macdonald) to make a headline. This is a hoax; it is a joke; it is a move by the Minister of Finance that is not serious, because working people know their salaries will be rigidly controlled within the guidelines. The minister wants to appear to do something to control professional income, but that is just not the case in the announcement he made. The new surtax does not apply unless your taxable income is at least \$30,000 a year. It does not apply to members of parliament in this chamber, it does not apply to senators in the other place, and it does not apply to the great majority of people who make big incomes in this country. It merely applies to any professional people who can get more than an increase of \$2,400 a year.

The minister wants us to believe that this will be a 10 per cent tax on professional people who are increasing their income by more than \$2,400 a year. I want to quote from the minister's own paper. He gives an example of how this tax will work with respect to a family consisting of a