

*Income Tax*

all the attempts at redistributing income, we have a flat tax system again. We have gone from a flat tax system—

**Mr. Deputy Speaker:** Order, please. The Chair hesitates to interrupt the Hon. Member but the time allotted to him has expired. The rules provide for 2 questions and answers at this time. The Hon. Member for Mission-Port Moody (Mr. Rose).

**Mr. Rose:** Mr. Speaker, I was interested in the remarks made by the Hon. Member for Ottawa Centre (Mr. Evans) concerning the progressivity of the tax system and how we are heading toward a flat tax system despite the best efforts of this Government. Is the Hon. Member aware that, in this proposed budget for 1982-1983, for a family made up of two parents and two children and an income of \$20,000 per annum, that family would have a 21 per cent increase in federal tax, added to which is the provincial portion of another 6 per cent, making a 27 per cent tax increase? This will amount to about \$125 a month extra. Has the Hon. Member considered that in comparison to a person earning \$50,000 whose increase in tax is only 13 per cent? What about the person receiving an income of \$150,000 who has a drop of 7.6 per cent in tax? And a person earning \$500,000, there is a drop in tax of 17 per cent.

Is the Hon. Member for Ottawa Centre aware of this? Does he feel that is assisting in the flattening out, and eroding the effects of a progressive system which we thought we had to redistribute income? Because we have not been redistributing income; the tax system still favours the rich.

**Mr. Evans:** Mr. Speaker, I disagree very strongly with the Hon. Member for Mission-Port Moody (Mr. Rose). He will use the figures and say, for example, that tax only goes up by 13 per cent for those with a \$50,000 income. In terms of dollars, that is a substantially higher contribution than that being made by others.

• (1220)

We must come to grips with the question of how progressive that tax system should be. My personal view, which I know my friends in the corner disagree with, is that the Government should never take more than 50 per cent of an additional dollar that is made. Why should individuals make an effort if the Government is to take two-thirds in taxes and leave them with one-third? Of course, this involves the incentive question versus the revenue-raising question and the income-redistribution question. We will have to discuss these issues logically and rationally.

Presently, the top marginal tax rate is 50 per cent and I strongly believe that that is as high as it should be. In fact, I think it should not be that high.

**Mr. Stewart:** Come on over.

**Mr. Evans:** The Hon. Member opposite says come on over. I suggest to him, if he looks at developments in other countries in Liberal circles, that he will find that it is not heresy for me to say that. It is, indeed, mainline Liberalism.

**Mr. Blenkarn:** Mr. Speaker, the Hon. Member for Ottawa Centre (Mr. Evans) has suggested that the Bill has been thoroughly debated over the entire year. Has he looked at Clauses 121 and 122 of the Bill which were never in any budget proposals or, in fact, set out anywhere? Those Clauses specifically give the Government the right to garnishee a person's money 90 days in advance. Clause 122 provides the right for the Government to seize an individual's business without a proper court order and to operate that business as if it owns it. Those Clauses were never set out in any budget or in any manner to be studied by the committee to which the Hon. Member refers.

Under those circumstances, does the Hon. Member believe that the Bill should be rushed through the House?

**Mr. Evans:** Mr. Speaker, I hope the Hon. Member did not misunderstand what I said. I did not say that the Bill should be rushed through the House; I said that we should deal with the Bill expeditiously.

The Hon. Member has certainly raised a subject that was not discussed in the Finance Committee. I have heard of those provisions but I have not seen them debated to any extent. The Hon. Member is, indeed, performing his parliamentary duty by ensuring that those issues do come before the House. I would encourage him to give us his views on those particular provisions and explain why he may or may not support them.

**Mr. Rose:** Mr. Speaker, I am interested in this question of incentives. The argument against the public school system about 125 years ago was that poor people would not have the same incentive to educate their children. This incentive argument is of particular interest when one considers that the new tax system will raise the income tax paid by a family of four by \$125 a month. How does the increase of a tax rate on families like that affect their incentives? Does the Hon. Member think that the Ian Sinclairs and the Samuel Bronfmans of Canada will have their incentives destroyed if there is a progressive tax system, even if it takes approximately 55 per cent of those million dollar a year levels?

**Mr. Evans:** Mr. Speaker, I know exactly what the Hon. Member is saying but the figures that he is relating to us do not relate to the income tax itself. They relate to an entire range of other kinds of taxes that he has conveniently rolled into this particular discussion of the income tax. He is rolling in many other taxes including, for example, Unemployment Insurance premiums.

No one who has to pay income tax is facing an increase in tax rates. The tax rates are cut for everyone, down to an income of \$11,100 under the proposals before us. No one faces an increase in income tax rates.

There are other taxes involved. The increase in UIC premiums is required by law because that is supposed to be a pay-as-you-go system. The federal Government is not supposed to pay the entire cost of Unemployment Insurance from its general revenue. The Hon. Member is distorting the facts about the income tax when he says that certain individuals are paying