

The Budget—Mr. Peters

announced in the white paper that the personal exemption will be increased to \$1,400. This is not to become effective now but rather in 1972. It would seem to me that such a concession would affect many people between the age of 60 and 70. As we know there is an additional exemption for people over age 70. But nothing has been done for many people who depend on the old age pension. There is no indication that anything is to be done for those on veterans pensions. The committee which has been investigating this matter has been faced with the whole matter of the Pension Act and the proposals made by the Woods Commission. The government should be implementing increases in the war veterans' allowance and in war veterans' pensions. The government has indicated it is not capable of controlling the rising cost of living and is attempting to apply the brakes. From my point of view, and from the point of view of many Canadians, this obviously is a myth because the government is not putting on the brakes. The Minister of Finance has stated that he has not been able to apply the brakes on salaries or wages. But he has been able to apply them to the old age pension. The cost of living goes up 4 or 5 per cent and the old age pension goes up 2 per cent.

● (5:10 p.m.)

I mentioned the press a moment ago. It is interesting to note the lack of conclusions reached by some of the columnists. I should like to refer to some of the things they said about the budget. I have here an article written by Anthony Westell in the *Toronto Star* of March 13. This is what he said about the Minister of Finance and the budget:

But he offers nothing to the thousands of Canadians who pay taxes into his coffers despite the fact that their earnings are below the poverty line.

Benson can't be blamed for rising prices; there are no new economics as yet to show him how to master the new inflation. He is probably right when he says he will be satisfied to cut the rate of price increase this year to about 3 per cent.

But Benson can and should be blamed for not helping the Canadians on fixed incomes who are the victims of the inflation.

Consider, for example, the effective tax on the 800,000 Canadians who draw basic old age pension and a guaranteed supplement because they lack private means.

Their income rose from \$109.20 a month last year to \$111.41 this year—the maximum 2 per cent increase permitted by the law—which is \$2.21 a month.

Now Benson tells them the purchasing power of their new pension will fall at least 3 per cent or \$3.43 a month.

So the inflation tax on pensioners is around \$1.20 a month. Benson does not impose it, but he lets it happen.

All in the public interest of battling prices, he assures us.

It's bad enough that we have to combat rising prices by deliberately wasting economic resources —by putting some men out of work so that others will fear for their jobs and reduce wage demands, and by slowing down the factories to persuade businessmen to cut costs.

This economic squeeze will cost us billions in lost production this year because the economy won't grow as fast as it could.

For every \$4.80 in real growth last year, there will be growth of only \$3 this year, says Benson, adding that he can't put a total to the sum yet.

Farther on he says:

In fact, it is difficult to escape the impression that in this budget, Benson is really marking time, waiting to see which way the U.S. and Canadian economy will move in the next few months. And that the threat to control credit is mainly a gesture to show that he is still serious about fighting inflation if he has to—a psychological ploy to conceal the fact that there is nothing much in the budget.

Nothing much except the refusal to extend a helping hand to those most in need.

Benson is, of course, proposing to make a massive transfer from middle income to lower income groups in his tax reform next year. But that is 12 lean months away, and it is strange that he should have refused a temporary transfer this year from his surplus.

Perhaps it is not too late. Many Liberals had anticipated at least a pension boost in the budget, and will be bitterly—and politically—disappointed.

They should use their new freedom and muscle as participating backbenchers to persuade Benson to change his mind about the budget, as he is willing to do about tax reform.

So, the author of the article states the problem fairly clearly but comes to no conclusion except to say that perhaps some backbenchers in the Liberal party will take a stand. He does not recommend that they take a stand but says that perhaps they will do so because they have new muscle as backbenchers. If they have it, I fail to see that muscle exercised in the House, although I see a lot of it in the various committee meetings which I attend. It is interesting to note that when the committee recommendations come to the House, those members sit on their hands rather than stand up to be counted on the side for which they previously spoke.

We are living in difficult times. There is no doubt that inflation has been and is a problem. It is also a fact that nothing much has been done to curb it. It may well be true that we are so closely tied to the United States' economy that we cannot do anything about inflation. I think this raises a major problem