

The Budget—Mr. Orlikow

We said last year's budget was not expansionary enough. I suggest to you, Mr. Speaker, and to the Minister of Finance that this year's budget is not an expansionary budget. The *Financial Times* dated February 26, 1973, which arrived in my office today, contains an article dealing with the economy under the heading, "A less stimulating budget". The article reads:

Last week's budget, billed as a strong stimulus for the economy, may turn out to be less stimulating than the government says it is. On a national accounts basis the budget is less expansionary than last year's was.

When the federal government's revenue and expenditure is converted to a national accounts basis, the deficit for the coming fiscal year turns out to be \$640 million, compared with \$1,075 million this year. On this basis, Finance Minister Turner does not seem to be running the risk of overheating the economy.

• (1740)

The minister is not really thinking of an expansionary budget because, as has been the case with Liberal finance ministers for the last four years, he is still worried about his belief that inflation is a more serious problem than unemployment. We in this party have been opposing that kind of belief since it was first proposed by the Prime Minister (Mr. Trudeau) in December 1969. We said then, and we say today, that the cost of dealing with inflation has been put on the backs of those least able to bear it, namely, the unemployed. We said then, and we say now, that this country has 2 or 3 per cent more unemployed than it should have because governments have refused to introduce programs that are expansionary.

If the Minister of Finance wanted to do something about unemployment, his budget should have proposed a deficit in the neighbourhood of \$500 million or \$1 billion more than is the case. He ought to have proposed expenditures, in co-operation with provinces and municipalities, of large sums of money to put people to work on projects that the provinces and municipalities know require to be done and for which they need assistance from the federal government.

The budget should also have provided for larger cuts in income tax. We have said for years that we are opposed to flat percentage cuts in income tax. That is the kind of income tax cut that has been proposed by members of the official opposition. We oppose that kind of cut because a flat cut of 5 per cent, 7 per cent or 9 per cent—the kind proposed by my hon. friend from Edmonton West (Mr. Lambert) and the hon. member for Don Valley (Mr. Gilies)—would benefit, in the main, people in the upper income bracket. One need only look at the income tax table to see what a 5 per cent income tax cut means to people in the \$50,000 a year class if no maximum is placed on the size of the reduction.

We have also said that a flat 5 per cent or 7 per cent cut in income tax for people in the lower income bracket would mean very little. While we do not think that the cut in income tax proposed in the minister's budget is enough and we would like it to be more, we nevertheless welcome the fact that for the first time the government has adopted a basic principle that we have been proposing for four or five years at least, namely, that income tax cuts should be of a selective nature.

[Mr. Orlikow.]

The 5 per cent income tax cut proposed by the minister, when coupled with the minimum reduction in income tax of \$100, means, for a married man with two dependent children earning \$8,000 a year or less, a cut of 13 per cent. For someone with an income of \$5,000, it is a tax cut of almost 50 per cent. That is the kind of tax cut we welcome and which is included in the proposal for a 5 per cent income tax cut means that people in the upper income bracket will receive, not 5 per cent but an income tax reduction of probably not more than 2 or 3 per cent. To the extent that this reduction in income tax goes mainly to people in the low income bracket, we in the New Democratic Party welcome it.

Similarly, we welcome the proposed increase in the basic old age pension to \$100 from the former \$82.88, and the increase to \$170 from \$150 in supplementary benefits paid to old age pensioners who qualify. We are still of the opinion that this is insufficient and that the old age pension should be \$150 a month for everyone 65 years of age. We are still of the opinion that the old age pension should be extended to people below age 65. There are too many people in their sixties who are getting along with very little since they do not qualify for the old age pension and are unable to work.

Nevertheless, we greet with a good deal of satisfaction the increases proposed by the Minister of Finance. We greet them with some enthusiasm because those of us who were here before the election of 1968 remember the speeches of the former minister of national health and welfare when he rejected our suggestion that the basic pension should be increased and insisted that the only increase should be by way of supplementary benefit.

We also welcome this increase because we know that the official opposition have consistently refused, and still refuse, to indicate precisely what they would do for the old age pensioners should they form the government. On one occasion during the election campaign the Leader of the Official Opposition (Mr. Stanfield) was asked whether he would support the proposal made by our party that pensions be increased to \$150 a month, and he indicated that he would not. He was asked what increases he would agree to, and very grudgingly he agreed to an increase to take care of the increase in the cost of living, which would have meant an increase to \$90 a month.

The members of this party who have always insisted, inside parliament and outside, that the old age pensioners need to have their pension increased, are now told by members of the official opposition that we are betraying the interests of the elderly. I do not know when I have heard such gall in the years I have been in politics. A party that has consistently refused to indicate what it will do for the old age pensioners now says that if we support an increase to \$100 a month, we are supporting an increase that is a good deal less than we should support. Where were these members, Mr. Speaker, when we were calling for substantial increases in old age pensions? Where have they been until today? They have been playing both ends of the political game, telling people that taxes are too high, that we cannot afford to do more for people in need, while at the same time trying to create the impression that they are on the side of the old age pensioner.