

The Budget—Hon. M. Lambert

tax. They too seek additional funds, but the minister is being very careful to block off a certain source of funds.

Last week we also discussed income tax and the social development tax for the purpose of medicare. We were told the social development tax will take care of all the costs to individuals in the provinces that sign up with regard to medical care. The money they now pay to M.S.I., P.S.I. or some other program will now be paid to the Minister of Finance. There will be a limit of \$120. A number of the provinces, including my own province of Alberta, have now set fees. As of July 1, a single person will begin to pay \$60. A married person with a family will pay \$120. Medicare allegedly was brought in to relieve the effects of medical expenses above the 3 per cent which is not allowed, in other words, the crushing burden of heavy medical expenses.

There is a joker in all this, Mr. Speaker, because Bill C-191 which was passed last week denies the inclusion in the exemptions in the medical income tax form of all other medical expenses paid by publicly administered medical care plans. A man with \$500 medical expenses in excess of the 3 per cent not allowed him by the Income Tax Act used to be able to claim this amount at the marginal rate of income tax. Now he will not be able to claim the \$120 that he pays in the social development tax. He could not claim what he paid to M.S.I., but everything M.S.I. paid on his behalf was figured in the schedule of medical expenses. It is very simple to figure out that an individual faced with heavy medical expenses will now lose under medicare compared with a plan such as M.S.I. He will lose the benefit of the deduction he was permitted by the Income Tax Act at his marginal rates.

● (3:50 p.m.)

If an individual had permitted medical expenses over the 3 per cent of, say, \$400, and his marginal rate of tax was 25 per cent, that is, 25 per cent on the last thousand of income that was brought into calculation, he would gain \$100 thereby. He paid his \$120 to M.S.I. and he got back an exemption of \$100 from taxable income. Now of course he is going to pay \$120 to medicare and he does not get back his \$100 exemption. Therefore there is this additional cost to the taxpayer under medicare. This was carefully concealed, Mr. Speaker.

[Mr. Lambert (Edmonton West).]

Many of my colleagues want to speak on this measure but before concluding, I wish to speak about the nature of the minister's forecast surplus. He claims a surplus of \$250 million. How is that made up this year? It is helped by \$275 million of windfall payments on the speed-up of corporation income tax which will not be there next year. If the minister is to continue his pattern of expenditures he will have to provide additional taxes to make up the \$275 million which will not be there next year.

My colleagues will be speaking about the customs tax changes with regard to incoming passengers, the air ticket tax on travel in and out of Canada, and other matters. I have already read to Your Honour and the house the amendment I have prepared, and I now formally move, seconded by the hon. member for Calgary Centre (Mr. Harkness):

That all the words after "House" be struck out and the following substituted therefor:
"regrets the continuing inability of the government to curb the relentless increase in the cost of living since 1965, while increasing the hardship on the unemployed, the poor, pensioners, farmers, and other victims of the 'just society'."

Mr. Max Saltsman (Waterloo): Mr. Speaker, this budget will further aggravate the problems of unemployment and regional development. It neglects the tremendous, immediate problems facing the western farmers. It gives no indication of major federal initiatives which require urgent attention. And, finally, there are no measures to deal with Canada's eroding economic and political independence.

A huge budgetary surplus is a false and artificial priority for any government to seek. Problems and the spending necessary to solve them are only postponed to another day. Hospitals and many other health services, housing, education, pensions, and pollution are but a few of the areas where people are denied the goods and services they badly need.

In fact the budget perpetuates the present situation in which 20 per cent to 25 per cent of the Canadian population live in degrading conditions of poverty. The budget is of no inspiration to Canadians except to those small numbers in the high income bracket who thrive on the present tax system.

To use a restrictive economic policy in an effort to curb inflation, much of it the result of our link with the United States, will result in increased unemployment and economic decline without being an effective curb on the rise in prices. In effect the Minister of Finance (Mr. Benson) is giving us more of the