

The Budget—Hon. M. Lambert

government strained its shoulder trying to pat itself on the back in a self congratulatory gesture by saying that it had reduced taxes, because it had cancelled the surtax.

Why did the Minister of Finance not speak as well about the 3 per cent deduction which is to end in December and which will apply to all Canadian people as regards personal income tax—a new 3 per cent tax increase. After all, over these past 18 months the public has got used to this 3 per cent reduction. Of course there are reductions for old age people, but nothing at all for the public in general. And now, one can see the reason for this hike in taxes. Actually, in the budget statement the minister referred to a table showing government revenue and expenditure. And what else can be seen in there? In personal income tax, Canadians will pay about \$1,100 million to the government. Is that a reduction in taxes? Mr. Speaker, claiming that there is a tax reduction for the general public is a terrible thing.

This is impossible, for there is a \$1,100 million difference which will result from the elimination of the 3 per cent reduction. The minister is peculiarly silent on this matter.

When you re-examine his speech and his statements made outside the House, you realize that when he found himself cornered by newspapermen who do not consider themselves naive enough to accept everything the Minister of Finance says, he had to admit that we would have a tax increase.

Mr. Speaker, this is an amount of \$1,100 million in the personal income tax field. It is true that taxpayers aged 65 or more will benefit, retroactive to January 1, 1972, from an extra exemption of \$350. We also know that guaranteed income is going to be increased by \$15 and \$30, effective January 1, 1972. But I want to point out to the Minister of Finance and others concerned that not one of the ministers who are in the House this afternoon were here last night when the hon. member for Winnipeg North Centre (Mr. Knowles) analyzed the Machiavellian policy of the government.

[English]

This is Machiavellian and will have to be examined in greater detail during our study of the bill in respect of the increase in old age pensions. There is reference to the increase in the GIS and the cost of living escalator, but I want to ask the Minister of Finance (Mr. Turner) what he is doing with regard to the \$15 and \$30 increase in the GIS in relation to war veterans allowances. We have not seen the bill yet amending the War Veterans Allowance Act.

Mr. Mahoney: It was tabled today.

Mr. Lambert (Edmonton West): We get a pontifical statement from the hon. member for Calgary South (Mr. Mahoney) that the bill was tabled today, but it has not come down here yet. Can the minister tell the House whether the treatment of this particular increase will deviate from the treatment of past increases in the GIS and not count as revenue under the War Veterans Allowance Act? In the previous case, what was given with the right hand was taken away with the left hand and recipients of war veterans allowances were left at the same level.

[Mr. Lambert (Edmonton West)]

Some hon. Members: Shame, shame.

Mr. Francis: It was corrected on April 1.

Mr. Lambert (Edmonton West): Not with regard to the guaranteed income supplement.

Mr. Francis: Yes, it was corrected on April 1 in the regulations.

Mr. Lambert (Edmonton West): As a matter of fact, the War Veterans Allowance Board insisted that veterans go through the GIS plan rather than make their election under the War Veterans Allowance Act as to what would be their income, if they had any option in determining whether they would take the GIS. The ruling is, notwithstanding what the hon. member for Ottawa West (Mr. Francis) says, that veterans shall be deemed to go through the GIS whether or not they make an election, and that is the rule that applies today. Is this going to be continued in respect of this increase?

Mr. Francis: May I ask the hon. member a question?

Mr. Lambert (Edmonton West): You can make your speech in due course.

Mr. Francis: I just wanted to ask you a question.

Mr. Lambert (Edmonton West): I am asking the Minister of Finance whether it is proposed that the increase in the GIS will be exempt from the computation of revenues under the War Veterans Allowance Act?

Mr. Knowles (Winnipeg North Centre): The whole \$15.

Mr. Lambert (Edmonton West): On the last occasion, there was an increase in the permitted ceilings under the War Veterans Allowance Act, only to the level of the increase in the statutory payments, not one penny more or less.

Mr. Francis: It was corrected on April 1.

Mr. Knowles (Winnipeg North Centre): Only for the \$2.70.

Mr. Francis: That is what he is talking about.

Mr. Knowles (Winnipeg North Centre): No, he is talking about the \$15.

Mr. Lambert (Edmonton West): If the hon. member for Ottawa West had listened, he would know I am not talking about the cost of living escalator. I am talking about the \$15 and the \$30 which are the statutory payments under the GIS. I am not talking in any way about the cost of living escalator, because the cost of living escalator is not subject to the income ceiling. I am referring to the limited increase amounting to \$2.88 per month.

An hon. Member: Big deal.

Mr. Lambert (Edmonton West): There is not going to be any equivalent, but you tell that to the thousands of war veterans who are, after all, entitled to something from this country. I want to state what the facts are, Mr. Speaker. The increase of \$15 under the War Veterans Allowance