The vast majority of my business revolves around the sale of various day-to-day necessities, such as toothpaste and bathroom tissue, as well as tobacco products, non-alcoholic beverages, candy and snack foods. The new Budget, which raises taxes on every one of these items, has had the net effect of lowering consumer demand for these products.

I understood the role of the new Budget to be one of encouraging the expansion of small businesses in the hopes that we could create jobs. However, at least in my case the opposite is true, as this Budget is placing my business in a precarious position in two related ways.

First, the Budget is reducing my gross sales by lowering consumer demand. Second, the Budget adversely affects the most important component of any successful business—customer "goodwill". It accomplishes this by raising consumer taxes in such a manner that small business takes the rap for the present Government's policies.

In conclusion, it seems to me, as a small businessman, that the Minister of Finance's approach to helping small business is in need of re-examination.

Sincerely,

Abba's Grocery,
344 Bell Street S.,
Ottawa.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF CHAIRMAN OF THE COUNCIL OF MINISTERS OF THE RUSSIAN FEDERATED SOCIALIST REPUBLIC

Mr. Speaker: I should like to indicate to the House the presence in our gallery today of His Excellency Vitaly Vorotnikov, member of the Politburo of the Central Committee of the Communist Party of the Soviet Union, and Chairman of the Council of Ministers of the Russian Soviet Federated Socialist Republic.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

PENSIONS

CHANGE IN INDEXATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Minister of Finance will recall that on Friday last, here in the House, I asked him why he had been sneaky and had not been straight with the people of Canada and the Canadian taxpayer in his Budget.

I told him that the deindexation of the tax brackets, the general deductions, the old age pensions and the family allowances would mean, in effect, a hidden and massive tax increase at the rate of 3 per cent a year, per year, per year, all cumulative. My colleague from Laval-des-Rapides has produced a document from the Department of Finance which bears out the point I made in this House on Friday.

Will the Minister now admit what he refused to admit on Friday, namely, that an 80-year old widow living on an old age pension, with a guaranteed income supplement, will lose, in absolute terms by the year 1990, $30 per month, and by 1991 over $45 a month? Why will the Minister not come clean and say to the members of this House, and to the people of Canada, that he has been clandestine and sneaky with respect to the tax increases that he is imposing on the people of Canada?

Some Hon. Members: Hear, hear!

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Right Hon. Leader of the Opposition is dead wrong in the way he has expressed his point. I think what he should do is read the budget speech where the fiscal problem that we have, and the range of means by which we are dealing with it, are clearly set out. We have set a track here, a track which will carry on over a number of years. However, I caution the Hon. Member that the directions we are going in now are essentially toward controlling the fiscal problem of the country at an early date.

I ask him if he does not support the policy that we are following with respect to getting the deficit under control. If he does not support it, then he is going totally contrary to everything he has said over the past four or five years.

Some Hon. Members: Hear, hear!

IMPACT OF BUDGET ON PENSIONERS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I would like to deal with that subject fully in the House tomorrow. The public finances of the country have to be brought under control—but not at the expense of the weak, the unemployed, the elderly or the disabled. I have said that publicly for the past five years.

In 1990 we will have 1,740,000 senior citizens living at or below the poverty line. We have calculated that the reduction in the old age pension, plus the increase in the various sales taxes, will mean that these senior citizens will lose $1.25 billion in income in 1990. That is the exact amount represented by the exemption for capital gains tax for our more wealthy citizens.

Does the Minister really want the wealthy citizens of this country to receive a tax benefit, what I have called a cash bonanza, of $125,000 in a lifetime, at the expense of the elderly citizens of the country?

Some Hon. Members: Hear, hear!

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member made reference to the disabled. It is very clear that in the Budget we are taking steps to help the disabled. We have maintained indexation for the guaranteed income supplement and for the child tax credit. In fact we are increasing the child tax credit in excess of the rate of inflation over the next few years. We have maintained full indexation