this very Chamber on the Government side of the House and listened while her Minister of Finance, Mr. Marc Lalonde, introduced the research tax credit program. An editorial in *The Toronto Star* today says that the measure with respect to the modification of indexing of old age assistance will save the Government $1.6 billion by 1990. However, an article in *The Gazette* of Montreal refers to the research tax credit program which will cost the taxpayers of Canada $1.9 billion to $2.3 billion. Two billion dollars have gone down the financial drain in scams and fraud. One Ed Fitch, who is 29 years old, gained $20 million. Frank Hertel gained $13 million through the tax scam introduced by the Liberal Government.

It is that kind of financial mismanagement which has put the Progressive Conservative Government in a position where it must consider difficult measures in order to restore financial responsibility to the country. Would the Member for Trinity tell the House where she was when her Government introduced the research tax credit program which cost this country $2.3 billion?

Miss Nicholson (Trinity): Mr. Speaker, I hope you are going to allow me time to reply to this very long question. I supported the research tax credit at the time but, in retrospect, I can see that it has been terribly abused. It was abused because it was a tax measure which was demand driven. It took on a momentum of its own and there were not sufficient safeguards in it. For precisely the same reasons I oppose the proposed capital gains tax change.

● (1600)

I support easing capital gains tax requirements for family farms, small business and Canadian business where there is a clear requirement and expectation that Canadians will benefit. However, the Government has introduced a plan that is wide open and just as likely to be abused as the program of which the Hon. Member spoke.

The Hon. Member spoke of responsible financial policies. I believe there will be a difference between his position and mine. Whatever recovery we have had in the country in the last year has been largely consumer led. The Government is proposing to take purchasing power away from low and middle income Canadians, the people least likely to start an inflationary spiral, who spend their money on necessities. In fact, some of the measures in the Budget may drive the deficit higher than what we have seen.

Ms. Mitchell: Mr. Speaker, does the Hon. Member favour a top-up of the GIS rather than reindexation because this appears to have been the philosophy of the Liberal Party in the past? I would be concerned about that because it erodes universality, just as the six and five program did. It means pensions will go up. For example, those who are 50 years old will lose about a third of their purchasing power when they are of pensionable age.

Miss Nicholson (Trinity): In the present situation I do not believe that topping up the GIS is an acceptable solution because that does not touch the basic question of the security of the Old Age Security pension.

The Acting Speaker (Mr. Charest): Resuming debate.

[*Translation*]

Mr. John Parry (Kenora-Rainy River): Mr. Speaker, I welcome this opportunity with enthusiasm, though tempered by a somber sense of duty, to rise in the House today to speak in support of the motion by the Official Opposition. Every Member of this House will recall that before the Budget was brought down, the Prime Minister (Mr. Mulroney) and the Minister of Finance (Mr. Wilson) used the following terms to qualify the Budget: Tough, but fair. Well, I think Canadians would do better to remember what the Minister of Justice (Mr. Crosbie) said before the election, and I will quote him in English since I find his French difficult to master:

[*English*]

"If I told you what we were going to do, you wouldn't elect us", and "We are going to do things that are tough, mean and nasty".

[*Translation*]

So to describe the Budget we are discussing in the House today, the words used by the Minister of Justice are obviously more appropriate than those of the Prime Minister and the Minister of Finance.

The Progressive Conservative Budget brought down on May 23 is not fair to our families, our children and especially not to our parents. The injustice of this Budget is best illustrated by the de-indexation of the Old Age Security program. As a result of this proposal, in 1986, the elderly in Canada will each lose $100, while by 1991, the amount lost will have risen to $680 annually, adding up to a cumulative total of $6.6 billion withdrawn from the Old Age Security program in five years.

The impact will be most severe on elderly women, the most vulnerable group in our society, since 60 per cent are either single, widowed, separated or divorced and already living below the poverty line. Furthermore, de-indexing Old Age Security pensions constitutes a direct attack on Canadian women, on our mothers and grandmothers. De-indexation will perpetuate the inequality of Canadian women in the most regressive way possible by making those already in need even poorer. About 800,000 Canadians over 65 are so poor they are receiving at least part of the income supplement. More than 60 per cent of Canada's elderly women living alone are below the poverty line. In 1991, the Government will have taken a total of $4.2 billion from our mothers and grandmothers.

As a result of de-indexation, a term innocent enough in itself but cruel in its impact, the consequences of the Budget will be worse than expected. It is a term that the Prime Minister (Mr. Mulroney) never used in speaking to Canadian men and women during the election campaign. In fact, during the campaign, the Prime Minister gave the solemn undertaking that "the Progressive Conservative Government would rein-