

government should reconsider their ill-advised scheme of capping the Canada Assistance Plan.

Mr. Derek Lee (Scarborough—Rouge River): Madam Speaker, I am very pleased to have this short period of time to address this particular piece of legislation, sometimes referred to as the cap on CAP.

This bill originally emanated from a desire on the part of the government to place some controls on federal spending. Taken by itself, I do not see that as a bad thing. We in this House realize that the federal government has been spending a lot more than it has been collecting in taxes. Notwithstanding that the taxpayer has been screaming "ouch" for quite a while, we still do not have enough tax revenue to cover the kind of expenditures we are being called upon as a nation to dispense.

So from the simple perspective of fiscal management, any initiative to regulate spending is welcome.

The principal problem we have here in opposition with this piece of legislation is that this fiscal management initiative, or so it is addressed and described, is blind. It is blind to the poor. It is blind to the provincial administrators who take the federal money and dispense it to the various provincial mechanisms. It is blind to the realities out there on main street Canada this year.

The reason why it is blind is because the funding that we dispense federally is not placed directly into the hands of the recipient it is intended to assist. These expenditures are set aside and used for welfare and social assistance costs right across the country. Therefore, when we in the House of Commons approve this kind of spending, we know that those dollars are going to virtually end up in every part of this country.

When we entered into the agreement to share fifty-fifty with the provinces in that spending, I think it fair to assume that we did not get out the measuring stick and try to calculate how much we were actually going to spend year after year. We simply agreed to share 50 per cent of whatever the provinces, through their own municipalities, decided should be spent in social assistance.

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Perhaps that was an initial flaw when we addressed this. In any event we are in the present and the government feels that it must put a cap, a limit on what we do spend.

In my riding in Ontario, there have been two separate large macroeconomic issues that have occurred.

• (1530)

One is our made-in Canada recession which has swelled the numbers of individuals who really are in need of social assistance. When we talk about social assistance, we are usually talking about the basics of food and shelter. So the numbers of those who are truly in need in my province, and I am sure it is the case in many parts of the country, have grown.

Second, the number of refugees who have come to Canada over the last three, four, five years, has swelled the ranks of those who are in need. That is a problem that is particularly evident in the Toronto area, and I am sure it is a problem in other large municipalities where many refugees, at least on an interim basis, settle.

In the face of this large growth in the number of poor, in the number of needy who really do need the assistance, the government has taken this opportunity to say that we must artificially cap our spending at 5 per cent.

The 5 per cent figure does not face two structural realities, not the two historic facts I have just mentioned. It does not take account of the fact that when we put the cap in place, the raw numbers of poor may increase. I have already referred to the numbers of "poor" who have been harmed and on whose backs collectively we appear to be fighting inflation by means of our self-induced made-in-Canada recession. It is not their fault. That is how our Bank of Canada and this government decided to proceed last year.

Second, it does not take into account that the real costs to the poor for those basics of food and shelter may, in certain localities, increase to more than 5 per cent. The cost of shelter in Vancouver, Whitehorse, St. John's and Toronto may in fact—and it is not the fault of the poor nor the fault of this House necessarily, it is simply an economic fact— increase to more than 5 per cent.