

The Conservatives have attempted to deny their part in this fiasco, and that is contemptible, Mr. Speaker. I do not think any other word can appropriately describe their actions.

At the Standing Committee on Miscellaneous Estimates which studied Bill C-133, I put some questions to a Mr. Potter who represented the Economists, Sociologists and Statisticians Association, regarding remarks he had made in earlier testimony. I wanted to know the difference in what was accruing to the indexing fund at the present time and what would accrue if a properly managed plan was in existence. The committee report for December 14 shows Mr. Potter answering as follows:

The idea is that the pension account and the indexing account collectively earn less interest than a fair return on a well-managed private pension plan by about one percentage point, according to Tomenson-Alexander. In addition, the basic pension plan is in 20-year bonds which are particularly unresponsive to inflation in the sense that very few of them come up new, get a new money interest rate credited to them. There is a great lag in the response to inflation in the weighted rate, and this is not a prudent way to manage a pension account in an inflationary environment.

He then referred to a question that had been asked of the Treasury Board on April 21, 1982, and commented on it as follows, and the question was:

—how much the indexing account would be if the PSSA, the Canadian Forces account and the RCMP account were all credited with the five-year bond rate the indexing account gets, in the same way it is done there, and in addition got monthly interest credited and a 0.125 per cent representing the saved transaction costs of not having actual investments. The answer was that the indexing account as of January 1, 1981, would be \$6.305 billion.

This is the answer of the Treasury Board. The actual amount of the indexing account was \$807 million. If the extra interest were credited on account of the term of the bonds and the way it has worked, if the excess interest resulting from such a crediting was on the excess interest principal, transferred for indexing, there would be \$6.3 billion for indexing on that date compared to \$800 million. Because of recent high interest rates and the way five-year bond yields move, it is probably much higher now. They did not give us a figure on what would happen if you credited 1 per cent extra, à la the Tomenson-Alexander Report, and also transfer that on an excess interest basis, then one would guess the updating and the extra 1 per cent Tomenson-Alexander identified, would bring the figure well over \$10 billion.

The Government has been misallocating this money by its misuse and mismanagement of those pension funds and indexing funds for its own purposes. Certainly those are also the purposes of the people of Canada, but it is a misallocation and misplacement of trust. The Government has no moral or ethical right to deny the public servants of this country what they have paid for and what their payments would more than cover.

In certain joint pension funds in the private sector, conditions are imposed. In the IWA Forest Industry Plan there is a provision that funds from that plan cannot be invested in the industry so that there will be no conflict of interest. Perhaps we need something like that to ensure that neither this Government nor any future Government may misspend, misallocate, misadminister and mismanage the pension funds of the people of this country or its own employees.

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, I am pleased to add some words of wisdom to this debate after the statement made by my colleague on my left.

Supplementary Retirement Benefits Act (No. 2)

In the real world which exists outside the confines of this city, I find that Canadians in general do not feel great resentment against the Government for the six and five program. There is broad resentment for the Government which produced the economic circumstances in the country by its neglect of basic principles for many years. There is broad resentment because the Government has simply resorted to rhetoric and attacks against one segment of the population and because it carries on as if all things were normal. It has shown no spending restraint in its efforts to advertise its self-perpetuation and glorification.

● (1630)

It is the breaking of faith with the people of Canada to which I should like to speak briefly today. Also I should like to compare the record over the years with what might be accomplished by the Government if it had good faith and accepted its responsibility to the people.

I should like to refer to an article written by George Bain which outlined the history of rhetoric by successive Ministers of Finance in this particular regime. It indicated that they have been mouthing restraint but have produced nothing but the opposite in the final result. According to the article, Edgar Benson, the first Minister of Finance of the Prime Minister (Mr. Trudeau), said on October 22, 1968:

We should not delude ourselves into thinking the choice is between either policies of fiscal ease to counter unemployment or policies of fiscal restraint to fight inflation. In our present circumstances, unchecked inflation would precipitate the kind of economic disruption in which unemployment would surely increase and we would end up with more of both evils.

How often have we heard this lately? Also, according to the article, the Prime Minister said in February 1982:

Experience both here and elsewhere has shown us that you cannot have real, long-term economic development and generate lasting employment unless you are first prepared to deal with the problems, like inflation, which stand in their way. There is no way of avoiding the requirements of self-discipline . . . We . . . have chosen our course: It is one of restraint in our own finances.

This statement by the Prime Minister of Canada stands in stark contrast to what is going on in the country. It is no wonder that resentment has built up because the Government of Canada chooses to attack one particular group of people. Also, according to the article, John Turner, when he was finance minister, said:

The Government proposes to set an example of restraint.

Then it indicated that Donald Macdonald said:

Restraint has been an integral part of our anti-inflation policies.

The Minister of Energy, Mines and Resources (Mr. Chrétien), when he was Minister of Finance said the following, according to the same article:

Expenditures by all levels of Government have been brought under tight control.

I should like to read more from the article. It continued:

—Liberal Governments over all that time have said that restraint of Government spending is the specific for inflation, that reducing inflation is prerequisite to "lasting employment," and that restraint has been, is being, and will be applied.

Against all that, there must be put the fact that Government spending has gone only up.