

The Budget

The debt that the government inherited in 1984, roughly \$170 billion, of course has suffered the evils of compound interest over the years, and about 80 per cent of the additional debt that has been added is due to that interest factor. The debt, as we all know, now stands at around \$350 billion a year which is appalling by all our standards. To service that debt this year will take interest of roughly \$41 billion.

As has been pointed out in this Chamber this afternoon, that money mostly will be paid to Canadians. It will mostly be paid to Canadians who hold Government of Canada bonds and treasury bills. Now, these are not in general poor Canadians. They are generally wealthy Canadians. They are wealthy investors who have had the extra money to invest in treasury bills and bonds.

It seems to me that this is a massive transfer of money from taxpayers to wealthy investors. I do not understand why the opposition members are not hollering about this amazing transfer of wealth from the have-nots to the haves. They keep saying the Tories are doing things for their rich friends. But this is wrong. This is bad social policy to be transferring tax money into the bank accounts of the wealthy.

Would my hon. friend not agree that this practice has to end quickly? If he does not accept the government's way of doing it, what is his alternative?

Mr. Proud: Mr. Speaker, I thank my hon. friend for his comments and questions. As we talk about ordinary Canadians and wealthy Canadians, there are many ordinary Canadians who buy Canada Savings Bonds, and pick up money in this way.

My concern about the whole deficit reduction plan in general is, as I have said in many, many speeches in this Chamber, that we have heard this hue and cry every day about deficit reduction. We hear about putting more debt onto the middle and low income people. I still have not got an answer to the question that I have raised so many times, about why, when we went through a period of five years of great economic growth where the government had billions of dollars in surplus funds, we are in this deficit situation today.

Why was it not at least taken care of at that time instead of letting it grow so that that transfer of money to wealthy Canadians continued on through that period?

I know that ordinary men and women out on that street, everybody, is concerned about this debt. We wish that we could wave the magic wand, but I am afraid that is not possible. We all have to suffer this burden and do everything we can to bring it down.

My question over the last number of months has been why greater concern was not paid to this from 1984 to 1989. Suddenly, through no fault of the government in particular, the economy is going into a tailspin. Now, at all costs, we have to do things that we should not be doing at this time in our lives. We should not be raising interest rates. We are into a tight economic situation and at the same time the poor are taxed even further because we have to reduce this deficit. I just cannot understand why it could not have been done earlier when times were better.

Mr. Deputy Speaker: Questions and comments are now terminated. Debate. The hon. member for Winnipeg North.

Mr. Rey Pagtakhan (Winnipeg North): Mr. Speaker, the annual statement of the Minister of Finance reflects the mind and the heart of the government of the day. In this context, budget '90 reflects to Canadians the lack of candour of this Tory government and the uncaring attitude with which it treats the most vulnerable members of our society.

Where, one may ask, is the evidence? I refer my hon. colleagues to the statement of the hon. Minister of Finance. Referring to the expenditure control plan of the government, he said:

In designing the measures we were sensitive to the financial circumstances of individual Canadians as well as governments. We have exempted major transfers to persons. These include elderly benefits, family allowances, veterans' allowances and unemployment insurance benefits.

The truth has to be fully said. This government has just finished hitting these programs this past year, and it has recently pushed through this House the clawbacks on baby bonuses and old age pensions and the unemployment insurance restrictions, despite great concerns raised by the Liberal opposition. Now this government has the gall to proclaim that it has exempted these benefits from the cuts in this year's incoming budget.

This is the first piece of evidence of the hypocrisy of this budget.