

The Budget—Ms. K. Campbell

It has also been argued that the national debt is not a problem because, after all, it is secure, we have the value in our economy to support it.

I think all those arguments against concern about the national debt really miss the main point. First, it is not true that we just owe it to ourselves. On the contrary, our rate of foreign borrowing is increasing. This makes us very vulnerable.

Furthermore, with Government being such an important borrower in the financial markets of our society it edges out private borrowers. It reduces the supply of capital available to businesses large and small who want to put that capital to work for economic growth. Therefore, it increases the cost of that capital to Canadian society and has an inflationary impact on interest rates.

Let us say for the sake of argument that all those concerns about the deficit and about the public debt were not serious. Let us suppose that the arguments which state that we only owe it to ourselves, that we have created secure investments for business around the country are true. What is missed is the most fundamental aspect of the national debt, that is to say the question of cash flow.

There are many expensive houses in Vancouver. I could go with a downpayment of \$100,000 and make an offer on a house worth \$1 million. I do not think I could afford a house for \$1 million but perhaps the bank would give me a mortgage for \$900,000 because maybe the house is really worth \$1.2 million and my debt is secure. The bank knows that, if it has to foreclose on the mortgage, the value will be there. The only problem is that there is no way I could service that debt. It would take every penny I earn and more simply to pay the interest on the debt. It does not matter that the debt is secure. The fact of the matter is that if I cannot afford food, clothing and transportation then I am over my head in debt. That is the point that I think is missed by all the commentators on the national debt.

The problem with the national debt is that it is simply taking too much out of the Government's cash flow to service it. It takes 35 cents from every tax dollar. That is too much. It restricts the flexibility of the Government, and thereby the Canadian people, to reach and meet their common social goals in society. Therefore, all the arguments that suggest that the national debt is some-

how a figment of the Government's imagination, that it is not important, are spurious. I repeat again that when the Government of Prime Minister Trudeau came into office, the payments on the national debt were about 12 cents on every dollar. When he left office in 1984, they were 32 cents on every dollar. That is more than is healthy for the Government. It is more than is healthy for any individual or family to be paying in interest on its debts.

The recent surge of interest rates in Canada and abroad show us just how our huge debt has left us exposed. In just one year the projected cost of paying the interest on the national debt has risen by more than \$6 billion. This year alone interest will cost us \$39 billion. That is more than we spend in total on health care, family allowances, old age security and social assistance.

The Minister of Finance (Mr. Wilson) announced a number of expenditure and revenue measures to deal with the debt. These debt control measures will amount to more than \$5 billion this year and \$9 billion next year. The Budget measures will cut the annual deficit in half by \$15 billion by 1993-94. This will restore the flexibility that we need to continue to maintain the programs Canadians value.

In terms of my own Ministry and in terms of Canada's natives these programs are being maintained right now. Hand in hand with fiscal responsibility comes social responsibility. The Government's concern for and commitment to native people is evident from its actions. DIAND, my Ministry, is in a period of transition. It is a facilitator, helping Indians help themselves. What is important to native people is important to the Department, notably aspirations of self-government and economic self-reliance. I mentioned earlier about not borrowing from our children, from the next generation. At DIAND we are investing in the next generation.

• (1130)

The Government remains committed to native economic development. As you will recall, the Throne Speech announced our intention to continue this program. Once decisions have been made, the Ministers of Industry, Science and Technology and Employment and Immigration will join the Minister of Indian Affairs and Northern Development in implementing this important Government priority respecting Canada's first people.