

### Supply

deficits of \$40 billion, record amounts in Canadian history. This is a country that is supposed to have the best quality of life in the world. This is the country they are trying to sell us, especially to Quebecers. Perhaps we should check the size of the mortgage.

My point is that this government has only itself to blame, because it failed to take action during the second year.

I will give an example of tax expenditures that were introduced and then withdrawn, to show the lack of vision and judgment we see so often in our tax system. That is why we favour a genuine review of the tax system, not a quick fix to please friends who contribute to the party coffers but something that will reflect our social values, our principles and our objectives. Look at the way the government treats capital gains, for instance.

What was the procedure in recent years? First, the government introduced the principle of allowing a \$500,000 exemption; the first \$500,000 of capital gains were not taxable. After a while, the exemption was reduced to \$100,000. Once taxpayers in the highest bracket had taken advantage of this exemption—not everyone can declare a capital gain of \$500,000—the government said: “Well, this is costing the government a pretty penny. We will reduce the exemption to \$100,000”, and so they did. Now that the others had managed to take advantage of this exemption, they said: “Well, this might be too costly for the government after all, so let us cut the exemption to zero”, which they did.

If it does not make sense to treat capital gains differently today, why did they do it in the past? How much money did the government lose in the process? How much did it have to borrow to compensate? How much did it cost society? Now, they claim social programs are too expensive, that they are putting us into debt, and the government has all kinds of names for those people.

Actually, if we look at the operating budget, although it does show a deficit, it is practically negligible, which means that if we had not accumulated all this debt over the years, we would not be having this discussion today.

What caused these problems? Is it our social programs? I am not so sure.

• (1325)

This certainly requires some adjustment and a serious look. I come back to the approach advocating only cuts and not fiscal spending. What does this mean? Forty billion dollars spread among 20 million taxpayers. That means about \$2,000 per person. We resolve the deficit problem by cutting \$2,000 per individual, cuts in expenditures related to individuals.

Can everyone handle \$2,000 in cuts? We here in this House can do it easily, with no problem. However, what about people

on social assistance, single parent families and older people? Can they handle a \$2,000 cut per person? Can they really? It is not a sure thing.

This is why we need to have another way of looking at the approach to public finances as well. There has to be a way to put a stop to the present inefficiencies and straighten out the job market with different and new ideas. We could use our imaginations, we could be creative. There is no end to technological innovation these days. When it comes to public finances, we are stuck for ideas. We want to copy other formulae and other approaches.

We hear more and more talk about New Zealand in Canada these days. People are trying to convince us that we will share the same fate. Why do we not try a different formula? Why not do things differently?

Over the next year, debate will be vigorous, because two visions of society are on a collision course, particularly in Quebec with the discussions on the referendum. I hope there are Canadians who also share a different vision from what we are hearing conveyed at present.

I would like to speak about reviewing the taxation system in connection with current statistics on income. Sixty per cent of people, 60 per cent of the population, have incomes of \$25,000 or less. Returning to my earlier idea of cutting expenditures by \$2,000, for people with a \$25,000 income, that is going to hurt. We must target the cuts where the money is and where it will hurt much less.

Of course, I mentioned redistribution. Also, when we put forward budget policies, specific taxation policies, we must evaluate them before developing them, while they are being developed and after they have been developed. Given the veritable army of civil servants, this could be done and it would be a more productive use of their time. Perhaps cutting 45,000 employees would not be contemplated if this type of useful analysis were conducted. It is certainly possible to re-think the work of the public service in regards to such an approach.

I took part in prebudget consultations. I must say that I was rather disappointed. Earlier, I heard a Liberal member say that all departmental programs were undergoing a review. It is a shame that, in politics, we lack the courage to lay working hypotheses out on the table when people are being consulted. These public consultations were very difficult because the discussion became almost philosophical at one point. It was hard to say that there was nothing concrete, only partial information. It was difficult for people to judge, even for members of the committee.

If that review had been conducted a little quicker, put out on the table to be debated, but it was not, and the government does not want to be transparent, it wants to give itself as much leeway