

*Supply*

spending in this year's budget to reduce the pressure on the next fiscal year. We must get back to basics. Forget about objectives. What we want is results.

Since the government failed to make certain cuts last year, this has put a lot of pressure on Canadian interest rates. Since February, interest rates have gone up by about 300 base points. Everyone who has to borrow money is feeling the impact on the economy. The Minister of Finance likes to say that increases in the interest rate are like increases in income tax. If he believes what he says, why did he not do something earlier in the year, instead of adding this pressure to the interest rates?

Of course, our friends like to say that the state of the economy is a destabilizing factor. I, however, contend that the greatest destabilizing factor is the state of public finances. Foreign investors recognize this, and this is what they look at first.

There is also no vision for society. It is unfortunate to find that, after a year and a half in office, the present government is taking the same approach as its predecessor. According to this approach, cuts are the only way to improve public finances—a view shared by the Reform Party.

I can remember during the elections speeches about giving priority to jobs and trying to generate growth as ways to improve public finances. So much for those speeches. No vision of society has been put forward in an effort to find a way to revitalize the economy, to everyone's benefit.

You are aware that economic indicators measure growth with traditional indicators such as production levels. We must not forget, however, what we learned in the 1980s—that increased does not necessarily mean increased employment.

The two are linked, of course. If there is an increase in total production, or in the gross domestic product, the number of jobs will certainly increase also, but these two trends are separate. Production may increase significantly faster than the level of employment.

The gross domestic product is therefore not the only yardstick for the economy. We have to focus on the people who are increasingly excluded from society, the unemployed living on unemployment insurance or welfare or who have returned to school because they cannot find a job. Many people are waiting to enter the labour market. The present government has no vision, in this regard.

I would like to speak a bit about the approach which consists of saying that the deficit problem will be resolved by making cuts across the board. We agree that certain cuts can readily be made, for example in the government machine. Later on, I will return to the Bloc Québécois' suggestions which we have repeated time and again.

We have a major difference of opinion with the Reform Party: in our opinion, some expenditures are tax expenditures. We must look beyond budget expenditures, transfers to individuals and to the provinces.

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We should also look at whether they are tax expenditures, lost revenues. We could get into a real philosophical debate on this issue: Is it a tax hike? Is it a spending cut? It seems clear to us that it is a question of spending.

It has always been difficult to discuss the issue of tax expenditures in an effective way, even during the finance committee's hearings, because the figures are derived from data that is only partly revealed. Expenditures that the government plans to make are revealed, but no roll-up of these expenditures is ever given, even though that information is available.

Therefore, I want to talk about this right leaning philosophy that only wants to see across-the-board cuts, blind indiscriminate cuts, a philosophy that often ferments such ideas as a single tax rate, the same rate for everyone. It tempts even the people who would be affected the most. They say "use one tax rate". Currently, we use a progressive tax rate system; the higher the income, the higher the tax rate. Of course, the tax system, however, sometimes reverses trends, but that is another problem which can be looked at in a different way.

Therefore, the principle of redistribution, which is desirable in society, would be severely compromised under a system with one tax rate. I said to someone who was explaining the concept to me that I would give the matter more thought if that person could explain to me how income would be redistributed with just one tax rate for everyone. As long as the proposal cannot be linked with redistribution, how the state redistributes wealth, the concept will not get any support from me.

I would now like to return to what can be expected in the next budget and rumours on this subject. It is becoming clearer that the government will increase its revenues in the next budget. An increase in the surtax for individuals or in income tax rates, traditional taxes or certain consumption taxes is planned, or pension funds may even be hit. There is obviously a lot of money there, and the government is looking for revenue. It is much easier to get a quick revenue fix than to cut spending; it takes more courage to cut spending, especially when friends are among those affected. The Liberals have always had trouble cutting their friends' spending so this may be very difficult to do.

Now why does the government want to do that? Because of the two additional years, and the Conservatives and Liberals are equally at fault. For the past two years, there have been no major changes in budget policy, and we have just had two consecutive