

*The Budget*

Did the government take advantage of the implicit consensus among Canadians and of the admirable movement of collective solidarity? No, it foolishly let this opportunity slip away by tabling a highly disappointing budget designed so as not to stir up the waters too much. In some respects, the budget is a reflection of the Canadian government's powerlessness in the face of the catastrophic state of public finances.

After unemployment, the deficit is one of the biggest concerns of Quebecers and Canadians. This government wanted to work on three objectives at the same time: first, to promote economic growth; second, to stem the increase in public spending so as to reduce the deficit; and third, to carry out at all costs the promises made during the election campaign. In doing so, the government literally overlooked two objectives to which it should have given the greatest importance: deficit reduction and job creation.

It seems that this government was not able to attain both these goals at the same time. In fact, instead of attacking the problems, it chose instead to go after the citizens themselves, especially the most disadvantaged.

Indeed, 60 per cent of the too small deficit reduction projected for 1995-96 is due to the new measures reducing the amounts allocated for the unemployed. Furthermore, the government is increasing the tax burden of seniors and eliminating a tax break that benefited the middle class.

Let us consider for a moment the structural deficit, which is approximately 3.5 per cent of the gross domestic product. The Bloc Quebecois and many Quebecers are convinced that Canada is running up such huge deficits because of the very way this country is structured. Federalism is inherently inefficient with the many overlaps, wasted energy and contradictory policies.

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The structural deficit is due to the huge government bureaucracy. What is the government doing in the 1994-95 budget to improve the poor management practices that exist and are perpetuated in this bureaucracy? What is it doing to eliminate the waste which the Auditor General has made a point of denouncing many times in successive reports? Very little.

One of the solutions put forward by the government is to cut transfer payments to the provinces by \$2 billion, \$466 million in 1995-96 and \$1.54 billion in 1996-97. Of course, the Minister of Finance defends himself by saying that he will spend \$800 million to finance new approaches to social security. What are these new approaches? Can he assure us they will not, once again, lead to federal government intervention in areas of exclusive provincial jurisdiction?

It is disturbing to see that one of the solutions considered by the government is to increase the tax burden of middle-income seniors and of middle-class taxpayers in general. How can they justify their decision to reduce the age credit? In total, between 1994 and 1997, this measure will take \$490 million from the pockets of seniors, while high-income taxpayers are still benefiting from tax shelters.

On the other hand, when the Bloc Quebecois called for stimulation of the job market and lowering of the unemployment rate, it did not ask the government to shift the responsibility for its problems to Quebec and the other provinces. Unemployment insurance reform will neither motivate people to work nor, of course, increase the number of jobs available. It will in fact put more people on the welfare rolls.

The government's dithering is impossible to explain and unforgivable when every wasted minute aggravates its financial situation as well as the suffering of individuals and families hurt by unemployment and poverty.

The government seems to count mainly on economic recovery to fill its coffers. Recent experiences have taught us to be wary of such calculations. We should have expected the government to take vigorous measures, but it has not done so.

The Desjardins Group, the Quebec Deposit and Investment Fund and the Conference Board all forecast an unemployment rate of around 10 per cent in 1995. How did the government come up with this more or less realistic and much too optimistic percentage of 8 per cent?

The sluggish recovery is mostly due to the excessive tax burden and unacceptable unemployment rate. No wonder Gallup pollsters found out last November that participation in the underground economy is considered acceptable by 33 per cent of Canadians and 42 per cent of Quebecers.

The only real solution to the underemployment problem proposed by the government to Quebecers and Canadians is the infrastructure program. It is better than nothing but it is far from being the solution to all our problems. Furthermore, the short-sightedness with which this program was designed is alarming. In fact, it will only provide 45,000 short-term jobs in economic areas having rather little value-added, so it does not stimulate Canada's international competitiveness. Quebec's 437,000 unemployed are perfectly entitled to question the government's good faith.

Yet, when all available means must be used as efficiently as possible, the government does not seem to understand that enhancing the production and export capability of the thousands of small and medium-sized businesses throughout Canada and Quebec can truly create jobs and produce wealth. The government recognizes that two million jobs depend on exports, which