

expenditures reduced by 20 per cent? Who are we to believe? The Prime Minister or the Minister of Intergovernmental Affairs?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, there is no contradiction here. If we are able, working in co-operation with the provinces, to reduce the health care expenditures of all levels of government, then both the provinces and the federal government will save money.

• (1425)

Hon. Lucien Bouchard (Leader of the Opposition): Mr. Speaker, it occurs to me that the Prime Minister is once again dangling the sword of Damocles over social programs since he has just said that the objective he is pursuing along with the provinces is to reduce health care expenditures. This is precisely the kind of half-truth that spreads fear among the public.

Is the Prime Minister serious about really wanting to cut expenditures and trim government fat and, if so, will he agree to set up a special committee of parliamentarians from this House with an urgent and detailed mandate to review all expenditures and all departmental budgetary items and to report back to the public? Its goal would be to reduce government spending, to cut the deficit and to quell this monster without touching social programs.

[English]

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, we are willing to work with all the parties of this House to make sure that we find the cuts needed to reduce the deficit.

The finance committee will be meeting very soon. The different committees will have the opportunity to look at the estimates of every department. We will look at every aspect of the government operations and make sure to review the expenditures.

I do not think it is possible, as the hon. Leader of the Opposition is trying to tell us, to have your cake and eat it too. We have to look at everything.

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[Translation]

TAXATION

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot): Mr. Speaker, to pursue this line of questioning, so far the federal government has not demonstrated a firm commitment towards reforming the Canadian tax system to address blatant unfairness and inequities. It is more concerned with testing the public opinion left and right about possible deep cuts pretty well across the board, but especially in social programs, while sparing the rich.

My question is for the Minister of Finance. Is the Minister backing away from undertaking as a matter of urgency a serious

and thorough reform of the Canadian tax system to better distribute the burden among Quebec and Canadian taxpayers?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development (Quebec)): Mr. Speaker, I would like to start by congratulating my colleague on his first question before this House. As he knows, consultations are underway, in fact the most extensive ones ever carried out in this country regarding a budget.

Within this framework, the Canadian people have told us that they wanted radical changes in many government programs, including taxation, and that is what we have set out to do.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot): Mr. Speaker, if the Minister of Finance is indeed firmly committed to reform, is he prepared to undertake today to eliminate immediately this horrible family trust system which benefits only the richest of the rich, not the poorest of the poor in our society?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development (Quebec)): Mr. Speaker, as my honourable colleague knows full well, I will be tabling shortly before this House the federal budget, in which he will no doubt find an answer to his questions.

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[English]

THE ECONOMY

Mr. Preston Manning (Calgary Southwest): Mr. Speaker, my question is for the Prime Minister.

At the same time that we are facing record debt and taxation levels to which the hon. member has just referred, we are also facing record levels of unemployment. Many economists and business people feel there is a direct connection between the two, that high debt and taxes kill private sector job creation.

Would the Prime Minister give the House the government's view on the connection between high record levels of debt and high record levels of unemployment and tell us whether the government believes that deficit cutting is essential to private sector job creation.

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, we understand that we have a huge debt in Canada. Yesterday apparently we surpassed the fantastic figure of \$500 billion. It is a big burden that the Conservative Party left as a legacy with which we must start our work today. It is a reality and it is a big problem for the nation.

• (1430)

There are two ways we can solve this problem and it will take some time. We have to cut expenditures but the main thing we can do to reduce the debt is to make sure that there are jobs in Canada for Canadians so that they can work and produce growth