

The Budget—Mr. MacLaren

Why did the Government fail to take the opportunity of this Budget to counter this problem? Why has it not promoted the establishment of employee profit sharing and stock ownership plans? Such measures would not only help firms gain access to equity financing but would also encourage closer co-operation between employees and employers, thereby contributing to increased productivity and employment opportunities within firms.

The principle of gain sharing is in harmony with the Liberal Party's economic philosophy which believes that concertation between employers and employees is preferable to confrontation. Gain sharing is also in accord with Liberal tradition. In 1984, the then Liberal Minister of Finance proposed measures to promote the establishment of what was then called a registered employee profit participation plan. Following the election of the Conservative Government in 1984, the proposal was not implemented. Governments need to be visionary and to have a long-term plan to implement such productive measures. This Government clearly has none.

In research and development, in 1984, the Prime Minister promised to double Canadian spending on research and development by the end of his first mandate. No progress has been made. In fact, Canada's spending on research and development has gone down. As the C. D. Howe Institute has pointed out, Canada's industrial research and development is concentrated in a small number of companies. The Economic Council notes that the problem goes even deeper. "Canada is well down the list of industrial nations in terms of patent activity".

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What do we find in the Budget to improve Canada's lagging performance in research and development in the face of the challenge of the Canada-U.S. Free Trade Agreement and global markets? Again, nothing.

The Government promised to help Canadians train and retrain for a global economy. It now proposes to do so within the Unemployment Insurance Program. The cost of such training and retraining will now be paid from the insurance premiums of employers and employees. The Government has taken \$1.9 billion from general revenue and added it to the premium costs that employers and employees will now have to pay.

I have difficulty in understanding the rationale of the Government for these changes. Contrary to its previous commitments, these changes will move the unemployment insurance system further away from the concept of insurance. Previous Governments recognized that the extended regional benefits were in fact a form of social program that was delivered as an addition to the basic unemployment insurance system. Because of that, its primary financing came from taxes levied in a progressive manner on all Canadians. Workers were to pay for the basic insurance system, but all Canadians were to share in the cost of the social contract that that program provided.

Yesterday's decision and yesterday's Budget to reduce the Government's contribution to unemployment insurance departs from that concept. It departs from it without offering any reason other than raising taxes in a hidden way. That decision will not make our tax system any fairer.

The Minister knows that employee premiums, when used to finance social programs, are a regressive form of taxation. Lower and middle-income workers pay proportionately more than higher-income workers for the unemployment insurance account. People earning under \$30,000 annually now pay almost 60 per cent of the employee contributions to the unemployment insurance account. All those Canadians who have insurable incomes, most of whom are high-income earners, do not pay for it at all. Is that fair? Is that what the Government means when it speaks of being fair to all Canadians? This hidden and unfair tax increase is to be added to the regressive sales tax that the Government intends to introduce, as well as to the unfair tax rates and the tax brackets of the personal income tax system.

In 1969, the Pearson Commission recommended that our official development assistance, the aid provided to the poorest countries, should be no less than .7 per cent of our Gross Domestic Product. This target was to be reached by 1990. Most industrial countries regard it as a benchmark.

However, upon assuming office in 1984 the Conservative Government decided to review official development assistance and reconsider the pace at which it would proceed toward the goal. The Government has announced that the target will now not be reached before the year 2000, ten years later than originally planned, calling the goal itself into question.