

The Budget

without in order to reduce our expenditures to fit our income. That certainly seems to make sense to me.

The whole issue of spending \$70 billion a year on a social safety net and a further \$40 billion on interest to service our debt simply has to stop. Past governments have certainly made the military their whipping boy at budget time. What do you know, this government seems to have taken right up where the other bunch left off.

We on this side of the House were quite pleased. We applauded and supported the government in its promise to undertake a military defence review. Instead it accelerated the process and we as members of Parliament did not have any opportunity for input. It completely prejudiced the outcome of the study by going ahead and closing bases and reducing others.

Perhaps if we had had a better equipped military we could have exercised sovereignty over the Atlantic fishery and we would not have to pay support to the whole east coast fishing industry. The cod stocks maybe would not be quite as low as they are now, and certainly they are depleted. Members opposite refer to our cod stocks as extinct. Now we have added all these otherwise self-sufficient business people to the ranks of the full time unemployed.

The January unemployment rate was 11.4 per cent in Canada. Stats Canada reports that there were 1,592,000 unemployed people in Canada last month and that does not take into account all those people who have dropped out of the system.

This budget simply nibbled at the edges in my opinion. The unemployment insurance program is a good example of that.

Reducing the generosity of the program is, however, a step in the right direction. After all, we are all aware that generous UI programs do have the effect of increasing the number of people drawing unemployment insurance.

The cumulative deficit of the unemployment insurance account amounts to \$6 billion. It is a fallacy to believe that this is solely a worker-employer funded program. It is the government, the taxpayer of Canada, paying for the shortfall.

The unemployment insurance program changes announced in the budget begin to target social benefits to lower income Canadians, as the minister has said, to target those most in need. This as well is a positive step.

The Canadian unemployment insurance plan has become an inefficient income supplement plan rather than social insurance. We need to "un" out of unemployment insurance. It should be employment insurance with extra emphasis on insurance. We buy life insurance, not death insurance.

The Reform Party policy is to make employment insurance a sensible, sustainable program of social insurance which provides compensation for temporary loss of employment. We

believe the program should be funded by employers and employees who determine the level of premiums and benefits. This, I am sure, would go a long way in reducing the underground economy and ultimately relieving the tax burden.

To quote the hon. Minister of Finance, the underground economy is not simply about smuggling, it is about hundreds of thousands of otherwise honest people who have withdrawn their consent to be governed.

It appears that they are withdrawing their consent to be overtaxed as well.

An hon. member: Good point.

Mr. Johnston: The underground economy's strength is directly proportionate to the high levels of taxation. Taxpayers need a break. The beleaguered Canadian taxpayer deserves a break.

• (1610)

Canadians do not want to cheat. They are prepared to pay their fair share of taxes. Does this budget provide a fair level of taxation?

Over the last 10 years successive governments have increased the tax burden of the average middle class Canadian. The Fraser Institute reports that even though before tax earnings have increased for the average family, the percentage of after tax income has decreased. It has to be an increase in the taxation.

At the same time the same governments allowed this debt to escalate to \$500 billion, half a trillion dollars. Is it any wonder that the underground economy is flourishing? Does this budget give the taxpayer a break? I do not think so.

We in the Reform Party will do everything we can to ensure that the minister gets an opportunity to wear out his new work boots. We will continue to work in this House and in committees to convince the minister and his government colleagues that they must reform their red ink book philosophy before the minister brings in another budget.

Mr. John Harvard (Winnipeg St. James): Mr. Speaker, I have one question to put to my hon. friend, the hon. member for Wetaskiwin.

The hon. member went on a bit about the UI program. As opposition members are wont to do, the member focused on what he thinks are some of the more negative aspects of what we have done or not done with UI.

One thing that he did not point out is the reduction in premium rates that will come about from \$3.07 to \$3.00. According to the government, and I have no reason to disbelieve the calculation put forward by the hon. Minister of Human Resources Development, that premium reduction alone could translate into as many as 40,000 jobs. That reduction does put an additional \$300