

Moreover, whether collectively a society should save more and consume less is at the end of the day a value judgement. The trade-off implicit in increasing savings means a transfer of consumption from the current generation to subsequent generations.

Notice none of our splendid economic masters who are friends of the Conservative Party intend to deny themselves the luxury of cars or private shares. No, no, it is the working people they want to exploit and take their money so they can invest the money of the workers instead of investing their own. That is why we have unions. Solidarity forever, yes, sir.

● (1730)

The ethical judgement underlying this tradeoff might seem uncontentious, particularly if it is being made by current generation and if it involved reduced current consumption for those who are otherwise well-off. However, just as likely, the present consumption that is forgone will be that of poor people to whom the government transfer payments might be made or that of those who benefit from public health services and education.

Remember what I was saying earlier about this new wonderful fashion of disentangling the health service giving Billy Vander Zalm full authority to do to the health service in British Columbia exactly as he wishes, abolishing, in other words, equality of this very vital, very central, very essential service throughout Canada for the people of this country. Save a few bucks for the rich. And, of course, not only will health services be hit but education also and then there will be moaning and gnashing of teeth about our workforce not being as well trained. Look at how the countries which have well-trained workforces spend for their training. Germany is terribly impressive. It is three or four times higher than the rate of spending of our enterprises.

Senator Fairbairn: Senator Gigantès, I wonder if I could ask you a very brief question? As you were just saying how the people who are on the lower-income level of the scale are being most severely hurt, could you give us your views on how effective the tax credit that is being proposed under the GST will truly be for people who are at the lower end of the income scale? It is the government's view that this will equalize or

completely compensate them for the money they will have to spend, the extra money as a result of this tax, whereas it has been suggested by a number of groups that this tax credit will fall far short of what it will actually cost the poorer people in their daily living item by item if this tax should go through.

Senator Gigantès: I am glad you asked this question. Let us take the example of a university student with an income of \$7,000 with a 7 per cent GST—take a university student in Quebec. There is 7 per cent plus another 8 per cent on top. That is 15 per cent, but actually it is on \$107. Another 7 per cent on \$107 gives you a higher tax than that. It is 15.49, but let us call it 15.5 per cent. So out of \$7,000 a university student is going to be paying taxes on rent, on clothes, and, as I was saying earlier, most of the university students live on cafeteria food. They buy one can of yogurt and that is taxed. They buy a wrapped sandwich and that is taxed. They buy a pizza. Often if they are good and conscientious students, they do not have time to go home and cook.

Remember, the rule is, if it is hot, it is taxable. They have to equip themselves with a kitchen if they are going to avoid the cost of that tax. So \$7,000 gives you more than \$1,000 in tax. That student is going to receive in Quebec four times 67, in other words, \$248. That student is going to pay \$760 more tax than a student now pays. They are going to subtract from that that portion of the \$748 that corresponds to the manufacturers' sales tax, the hidden tax, the student pays before. Well, we have seen that part of this manufacturers' sales tax goes on exports. Therefore, the student does not pay it. It is on goods that are exported.

We have seen that there are other items of this manufacturers' sales tax that do not go towards the Canadian consumer. For instance, industries are taxed on inputs to construct new buildings or to buy new equipment, and that does not reach that student, not immediately. Therefore, expressing this in the most generous terms for the government, this student will pay \$500 more in tax than before and when you have \$7,000 a year, and when most of that \$7,000 goes on rent—about \$5,000—\$500 is a quarter of the money a student has to live on. It will not work.

We have another category which is in many ways also possibly more tragic. Our research people use various other statistics about the claims that mothers make for child tax