7.   An equally disturbing caveat of government and
think-tank forecasts is that labour groups will not
make wage demands to compensate for any real or
perceived loss of spending power resulting from the
introduction of the GST. Once again, the Liberal Party
questions the accuracy and fairness of this
assumption.

8. The government assumes that competitive pressures
in the marketplace will be sufficient to ensure FST
savings will be passed on. While the Liberal Party
readily acknowledges the powers and efficiencies of
the marketplace, we do not assume that it will always
work to safeguard the interests of the consumer.
Certain sectors of the economy, other than those which
are regulated by government, are simply not
competitive enough to ensure consumer protection.

9.   Virtually all businesses which appeared before
the Committee promised to pass on to consumers any
savings resulting from the elimination of the FST,
assuming, of course, these savings could be
identified. This assurance became much less
comforting, however, when several large retailers
also said they wanted to keep their current absolute
dollar margin. How will market forces protect
consumers in this instance?

10.   The negative effect of the proposed GST on
small business is very worrisome. The Canadian
Federation of Independent Business predicts that
fully 2 per cent of its membership will file
bankruptcy as a result of the GST, while others will
be left to absorb the vast compliance costs associated
with the GST. The Liberal Party views this as an
unjust and needless assault on small business, the
number one generator of jobs in Canada.

11. The government is anxious to point out the
savings which should accrue to consumers on purchases
of durable goods such as automobiles and refrigerators
once the proposed GST is in place. Canadians should
ask themselves, however, if the savings which occur
from buying one of these "big ticket" items every 10
years or so will not be offset by increases in the
cost of goods and services purchased daily. The