

Hon. Philippe Deane Gigantès: I have approved an intervention by Senator Buckwold. I will then approve an intervention from Senator Corbin.

Hon. Eymard G. Corbin: On a point of order, our rules state that if a senator misquotes another senator, the misquoted senator has the right to re-establish the facts on the record. If that is what Senator Buckwold intends to do, he is perfectly in order, in my opinion.

Senator Buckwold: I did not want in any way to interfere or possibly disrupt the important message being passed on by Senator Gigantès—one that I think we want to listen to with great care.

I wanted to correct an impression made by Senator Simard, because I see that we have a lone reporter sitting in the gallery and I do not want a statement to go out to the effect that Sears has suddenly reduced its prices by the amount of the present manufactures' sales tax. What they have said is that they have adjusted their prices to reflect the removal of the federal sales tax where applicable and then, in very small print, and in a very low voice, Senator Simard said that 7 per cent will be added to the price.

Everyone agrees that there will be some price reductions, but—

Hon. Jean-Maurice Simard: "Many", not "some".

Senator Buckwold: Yes, many price reductions before the tax is added, sure. But the end result of what the consumer has to put into his pocket or take out of his pocket, is that he is going to be paying more. You check the Sears catalogue and you will find—

Senator Simard: Which page?

Senator Buckwold: Any page you want to read, but get the one with the big print. Let us say that you go to the ladies' underwear, a very interesting department.

Senator Gigantès: I am sure the ladies would object, though.

Senator Buckwold: No, I am going to say one thing about ladies' underwear—it is not coming down, it is going up. Because there is no manufacturers' sales tax on ladies clothing at the present time, there is nothing to bring it down. Anything that is not taxed, and that is a large number of items in the Sears catalogue, will go up, not down, when you add the 7 per cent. We have already been told that the price of clothing, children's wear, footwear, will go up. This will happen to a lot of things.

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I just wanted to make it clear so that we do not get a story in the press that Senator Simard, that great authority on the GST, is saying that Sears are reducing prices and the Senate, by delaying, is costing consumers money. That is nonsense. There will be some price reductions, but except for a few big-ticket items the consumer will be paying more. That is why the Government itself says there will be an inflationary factor in the GST.

Senator Simard: Honourable senators—

Senator Gigantès: No, no. You have to ask me. Sit down, Senator Simard. I have the floor. You do not have the floor. I will give you the floor if you ask me.

Senator Simard: May I have the floor?

Senator Gigantès: Yes, certainly, you can have the floor.

Senator Simard: You see all the things we have to do to get our message to people. I have to seek the permission of Senator Gigantès even after I have received the permission of Senator Corbin. I wish you guys would get together.

Senator Corbin: Do you want another point of order, Senator Simard?

Senator Simard: Give me two minutes.

Senator Corbin: Now or later? I suggest that you are interrupting Senator Gigantès' speech, and nothing else. You are not contributing anything at all to the Debate. Why not just sit down and listen to Senator Gigantès?

Senator Simard: That is a very subjective statement but that is another thing.

Senator Buckwold, you say that by and large items in the Sears catalogue and others will go up in price. Some will go down, some will go up, but generally, you say they will go up.

Senator Buckwold: When you add the tax to the posted price the end result will be a higher price.

Senator Simard: I accept that. I think I heard you right. What I do not accept is this. Last week you were very happy to quote a document by the Department of Finance saying that three provinces would be paying less taxes and seven would be paying more, or vice versa. Did you read that statement?

Senator Buckwold: Yes.

Senator Simard: You were happy to read that statement?

Senator Buckwold: Right.

Senator Simard: It demonstrated that the tax was revenue neutral. Right. So if it is revenue neutral, and we know the old tax was on products and now is applied to goods and services, how can your statement be true? On the one hand you say it is revenue neutral; and on the other, since we are adding services as taxable items, that must mean the price of goods will come down. How do you reconcile these two statements?

Senator Buckwold: Senator Simard, you sat on that committee and although you and I did not always agree, I always said that you were very intelligent and observant and understood what went on, although you did not always express it that way.

The fact is there are many other aspects to the net revenue results of the GST. The cost of inventory rebates is in the millions of dollars. The cost of running the system will be hundreds of millions of dollars. There is the employment of three or four thousand extra people. The cost of promoting the tax. The net result is in the first year it is revenue neutral, but believe me, many people think it will be higher. The Government itself says, and I dispute this figure, that the inflationary