

1. The Liberal Party is firmly opposed to the implementation of the GST in its present form and will continue in its opposition to this most unfair and regressive tax.

2. The existing Federal Sales Tax (FST) is undoubtedly flawed and must be replaced. The Liberal Party has acknowledged this repeatedly, most notably in their dissenting report on the Technical Paper on the GST as prepared by Liberal members of the Standing Committee on Finance.

3. While certain economic theories suggest there may be some benefit accrue to the Canadian economy from replacing the FST with the GST, this is far from a certainty. In fact, if there was one over-riding theme emerge from the testimony of witnesses heard by this Committee, it was the absolute absence of certainty about the long or short-term effects of this shift in taxation methods.

4. The difficulty in determining the amount of FST currently imbedded in the costing/pricing structure of most manufactured goods cannot be overestimated. Witness after witness before the Committee said the same thing: it will be virtually impossible to determine the amount of FST to which they are currently subject.

5. Given this reality and its fundamental effect on any conclusions this Committee may reach, the Liberal Party is not able to accept the recommendations put forth by the majority Conservative membership of this Committee.

6. Because of the difficulty in isolating the FST in prices, the government's assumption of a full pass-through of any FST savings is founded more on optimism and hope than reality. The same belief was held by most economic think-tanks which appeared before this Committee. Because this assumption also underlies most of the forecasts presented, their validity must be questioned.