

Even if this were true, there are a number of problems with this attempt to remove the regressivity of the tax.

● (1030)

Before we get to his definition of these problems, I would like to say that even if this were true it is not going to be true for the 15 per cent who do not claim the child tax credit. They will not claim it because they are illiterate, they do not know about it, or they are too poor or too sick. Honourable senators, these are not small numbers. Fifteen per cent do not claim the child tax credit. We are talking about tens of thousands of people who will not get these sales tax credits because they cannot go about collecting them. They do not know how. There is no provision for helping these people.

They are the very poor, the most vulnerable. People like single mothers who do not claim the child tax credit will not be claiming the credit for the sales tax. They will be paying an extra 7 per cent on the very little that they buy. They will be able to consume 7 per cent less. In effect, it means that they will be able to eat 7 per cent less, and already they are malnourished. They will have to make their children do with holes in their winter boots a little longer.

There is no provision to help them. But why should they be helped? They are poor. The good Lord wants them to be poor. If he did not want them to be poor, he would have made them corporate citizens instead of Canadian citizens.

Let us go to what Mr. Brooks thinks are the problems with the government's attempt to remove the regressivity tax. I come back to a point that stimulated my friend, the Hon. Eymard Corbin, to read that letter from one of his neighbours.

First, the refundable credit can remove the regressivity of the tax only up to the point where the maximum credit is paid. At the point where the credit begins to phase out (at \$24,800 under the government's proposal) and beyond the tax remains regressive.

Honourable senators, an income of \$24,800 is no longer rich. That means that your secretaries are not going to get the refund. It means that most people are not going to get the refund. The lower-middle class and the middle-middle class, who are the pillars of any society and who already bear the major part of the tax burden, are going to get hit with the full unalloyed 7 per cent extra. Congratulations. This is really a sweet thing to do for them. Make it easier for the rich, hit the middle class and hit the poor. But then, if people vote in a Tory government, that is what happens.

Consequently, no matter how generous the credit, middle-income earners will pay a larger percentage of their income in the tax than high-income earners. Again, this can be seen in Table 17; column 5 shows that if the refundable credit is regarded as a direct refund of the GST, federal commodity taxes are progressive up to the \$35,000 to \$45,000 family income group, but are regressive over higher income groups. And families in the highest income groups still pay less of their income in federal commodity taxes (3.1 per cent) than families in the lowest income group (4.2 per cent). There is no logic

to placing the maximum burden of a new tax on people with middle incomes, particularly since studies have shown that they were the ones most adversely affected by the 1988 personal income tax reforms.

This is what I was saying a little earlier. The burden of tax has been shifted onto these people. Now an extra 7 per cent burden has been placed upon them. That is wonderful, but, of course, what do senators opposite care? If they cared, they would not be Tories. And if they care and they are sitting on the other side of the chamber, they are crypto-Liberals. They are not really Tories.

Second, the proposed refundable sales tax credit is itself inadequate to remove the regressivity of the federal sales tax... The credit does not fully compensate many low-income families for the increase in the sales tax burden they will bear under the GST. Most notably, the credit begins to phase out for many individuals and families living below the poverty line, particularly those living in large cities.

The poverty level in Toronto is a high one compared with what it is in a small village.

**Senator Kirby:** Would the honourable senator permit a question?

**Senator Gigantès:** Certainly.

**Senator Kirby:** Given the subject now under discussion and given the impact of the GST on people with low and fixed incomes, I wonder whether he would mind commenting on a letter I received from a woman named Anne Parkhill. She lives in a small community in northern Ontario. I received this letter two days ago. I will read just an excerpt from it which bears directly on the point that Senator Gigantès is making.

This is just a letter to thank you for all of your hard work, dedication and the many sacrifices that you have made to try and stop the most regressive tax this country has ever seen. It is heartwarming to know that someone at least took the time to listen to average Canadians and take to heart and to mind exactly what they were saying: That Canadians do not want the GST.

We as a country are in a recession whether the Conservative government knows it or not and for some Canadians the situation is getting worse and worse all the time. I speak of those people on fixed incomes who see no hope in sight of which I am one. Maybe the Conservatives should try and live on less than \$550.00 a month which I am required to do.

We have a great country here and the tyranny that is being transgressed upon the Senate as well as the House of Commons makes one wonder with all the freedom and democracy that is taking place around the world what is happening to this country? Where is all the arrogance coming from? What has happened to the idea that Canada is a country governed for and on behalf of its people and not so that the government of the day makes itself look good?