

Senator Gigantès: No. She thought I was not respectable. She said, "Soyez respectable." Perhaps she meant, "Soyez respectueux", because I was being a little feisty in laying into Senator Poitras and Senator Castonguay and others on the other side.

Senator Corbin: I see. That is the same Thérèse Lavoie-Roux, the same Honourable Senator Lavoie-Roux, who, for a whole hour before she got up in the Senate and said that, was stretched on two chairs here; her noble body was stretched on two chairs while you were talking, and she was dozing away. I wonder if there was any respectability in that? These people cannot have it both ways, Senator Gigantès.

Senator Poitras: Wait until she is here.

Senator Doyle: At least she was not playing the kazoo!

Senator Corbin: Do you want to make a speech? Senator Gigantès, I would suggest that you take it easy, and do not be embarrassed by whatever admonitions they want to make to you. I have a list of 20 breaches of protocol and decorum that these people have committed since you started speaking. So go ahead, do your thing, and do not be intimidated. However, I would also suggest that you not overly provoke them, because they could become dangerous.

Senator Gigantès: First, I should like to say that I think that Senator Thérèse Lavoie-Roux sleeping by herself on two chairs is perfectly respectable, as far as I am concerned. There is nothing disrespectful about a married lady sleeping alone on two chairs. Now, the other thing I would like is for you to explain to me, sir, in what way you think our colleagues opposite might become dangerous.

Senator Corbin: I beg your pardon?

Senator Gigantès: You said I should not provoke them too much because they might become dangerous. I would like to hear from you in which way you think they might become dangerous so I could judge for my own self whether this is real danger or not.

Senator Corbin: By that, I mean do not extend their power of retention in the face of all the proofs and facts you are bringing to us in this house, in terms of the GST being bad legislation. They can take only so much of that. As you noticed yesterday, I put certain facts on the record and Senator Simard jumped to his feet and made a speech. I would not want them to have to interrupt your speech any more than they have in the past few days. That is what I meant by not overly provoking them. I am not afraid of the facts, but there are some facts they just cannot take. So take it easy on them.

Senator Gigantès: Well, thank you. I see you are recalling me to my duties as the teacher I once was, and I must be faithful to the lessons I must preach. Regardless of the quality of the class, I must make an attempt to see that the lesson is absorbed.

What we are talking about here, and what Mr. Brooks is very convincingly knocking on the head, is this standard Tory argument that it is better for the poor to save rather than consume. He says that:

If it is these latter members of the current generation who are affected by government policy designed to reduce current consumption, then the value judgement becomes more problematic.

Second, even if the social judgement were made that private savings should be increased, it is unlikely that relieving more of the return to savings from tax would have that effect.

I repeat:

... it is unlikely that relieving more of the return to savings from tax would have that effect.

He continues:

It is well known in economic theory that a decrease in taxes on income from saving can either increase or decrease savings.

This may sound like a paradox, but life is pretty paradoxical.

Based on the empirical studies, although the magnitude of the effects of tax on savings remains a matter of controversy, the best evidence is that at most it is modest.

Am I talking slowly enough for you, Senator Poitras?

In particular, since our present income tax already provides substantial incentives for savings, for example by providing tax assistance for saving for retirement, a shift in the tax mix towards greater revenue from the sales tax could at the very best have a marginal effect—

"Marginal" means small in this instance, because there is "marginal" used in another sense in economics, and as the uppermost tax bracket that would hit you.

... a shift in the tax mix towards greater revenue from the sales tax could at the very best have a marginal effect in increasing personal savings. The argument that a tax mix change can have little effect on savings is supported by the fact that there appears to be no correlation between, for example, the percentage of revenues a country collects in taxes on goods and services and its savings rate. Japan, for example, collects a small percentage of its revenues from sales tax—

They have just introduced a 3.3 per cent sales tax, which is driving business people in Japan absolutely around the bend. Even though they are very good at figuring and have computers, it does make life difficult. Even though Japan derives a very small percentage of its revenue from sales taxes, it has the highest rate of private savings of any of the developed countries.

● (0920)

Also, in the United States, somewhat to the embarrassment of economists who argued that there is a strong correlation between after-tax rates of returns and savings, in recent years the savings rate has fallen at the same time that marginal tax rates have been lowered and real interest rates have increased.

Senator Poitras, the experience in the United States shows that even though the income rates have fallen and interest rates have increased, the savings rate has also fallen in the