

families who earn less than \$30,000 will face heavier tax burdens; and that, if the government wishes to live up to its commitment to ensure that families earning less than \$30,000 are better off as a result of the sales tax reform, it will have to increase the sales tax credit.

This author has provided a table through the use of a model based on Statistics Canada information. I am wondering, Senator Barootes, whether you are familiar with this and, if you are, how this squares with the information which you were giving us. It is a very different view and, I believe, a reasonably objective view, having regard to the reputation of the *Canadian Tax Journal* and the kinds of authors which it publishes.

**Senator Barootes:** Honourable senators, first of all, the reduction arising from the input tax credits to which I referred, which will occur for the electrical utilities over a period of time, and bearing in mind that they are going to lose the 13.5 per cent on their costs and will have a considerable reduction on the equipment and inputs which they have, will probably yield for Canadians cheaper electrical rates.

As for the table in the *Canadian Tax Journal*, as with medical journals, scientific journals, tax journals, accounting journals, the article from which you quoted is no better than the author who prepared it. As you know, sometimes people write articles for great journals, and later we find 10 people refuting them.

I am not saying that that gentleman's article is or is not correct. All I am saying is that I have looked through this table and I will say this: Single wage earners under 65, single individuals over 65, a one-earner couple with two children, a two-earner couple with two children—and, in that case, it assumes that 60 per cent of the income comes from one earner—a single parent with two children, every one of them, Senator Hays, at \$30,000 or less per year appears in these figures to be better off, according to figures tabled in the House of Commons on December 19, 1989.

If there were people who intended to refute that, surely they would have done so by now.

**Senator Buckwold:** Are those Department of Finance figures?

**Senator Barootes:** They were tabled in the House of Commons by the Hon. Michael H. Wilson, Minister of Finance.

**Senator Buckwold:** Those are Department of Finance figures. That is all they are.

**Senator Lucier:** I presume they are.

**Senator Stanbury:** The book is known by its cover.

**Senator Barootes:** This is discredited and that is credited; is that your point? You quoted that journal once before. It was issued just after you tabled your report in the Senate.

**Senator Buckwold:** Everyone has discredited the submission of the Department of Finance in the projection of figures. That is why all the poverty groups and the low-income groups and the church groups expressed in their presentations the fact that

this regressive tax, in spite of the tax credit, will very seriously adversely affect low-income people.

**Senator Barootes:** That reminds me of the fellow who always starts off with: That is a good question and I am glad you brought it up. I am glad that you brought it up. You are again quoting from people like Neil Brooks. I have it here. I saved it just in case you brought this up.

Here we have a comparison of the great champion of the progressive income tax system versus the GST. We have the figures of Mr. Neil Brooks, the darling of the CLC, of CUPE and of the PSAC. If you look at these figures, and I quoted them to you before, Senator Hays, you will find that his proposal is the regressive one in the lower- and middle-income groups and that the GST is the progressive one.

Let me give you some figures. According to the professor at the University of Toronto, of those earning \$15,000 or less, 54.6 per cent would be worse off under his system. The percentage that might be better off is 20 per cent. Whereas, under the GST, it is indicated that 30 per cent to 40 per cent will be better off.

All I am saying to you is that I have these figures. I have quoted them at our meetings in western Canada, and I can quote them to you again. With regard to unattached elderly individuals, 74.5 per cent—that is, three-quarters—are worse off under the system you have praised, whereas 40 per cent are better off under the GST.

I can use figures, too, if you want to be bamboozled.

**Senator Hays:** Who knows? This debate may go on another day, maybe not on this amendment. I will look at your numbers and, hopefully, you will get a chance to look at the article from which I have quoted. Perhaps we can come up with what are the better numbers—those generated by the Department of Finance or by this independent writer.

It is so easy to cast doubt on an article in a journal by saying that sometimes they are not all that reliable. But sometimes they are.

**Senator Barootes:** I agree. As I say, I would like to study the tax journal you are referring to. Maybe there are some comparisons we can make between them.

There is one other point on which I wish to comment, honourable senators. That is in respect to the old CHIP program and programs with rising costs. Rising costs of services and rising costs of energy usually result in people as stupid as you and I in this place beginning to observe some husbandry in the use of those expendable services. You find that, as the price of gasoline or of natural gas or of electricity and heating fuels goes up, more and more people may say: Maybe I will use a little less electricity. Instead of using a 250-watt bulb here, I will use a 100-watt bulb, and instead of a 60-watt bulb, I will use a 40-watt bulb. Maybe I will insulate the house and maybe I will, when I am going to work I will put the thermometer down to 60 degrees, and when I come home I will put it up to 68 degrees. These things are not bad for conservation of a depleting resource in this country. So, I say to you that that would be helpful.