

The New Democratic Party is opposed to the GST. It took part in the Committee's proceedings in an attempt to assess the possible impact of the GST on consumers. We present a minority report because our worst fears about the tax were realized through evidence presented to the Committee. The government's projections about the impact of the GST on inflation and the economy are based on unrealistic expectations of the behaviour of firms.

The minority report is divided into two sections corresponding to the mandate of the Committee. The first section will look at the impact of the GST on consumer prices. The second will look at the role of the proposed consumer information office. We could not agree with the creation of the GST Consumer Information Office because this will be only a cosmetic exercise that will not be able to track the price impact of the removal of the GST.

I. Price Effects

The overwhelming evidence presented to the Committee was that it is difficult, if not impossible, to identify the FST in the price of manufactured goods. The further down in the production, distribution or retail cycle, the harder it became to identify the FST component of the price of goods.

The question of uncertainty was expressed by the majority of witnesses.

"When considering the question of the true impact on consumer prices of the replacement of the FST with the GST, several of the government's own agencies agree that there is no way of arriving at an accurate answer... Even Canada Post informed the CFIB that it does not have the sophisticated accounting systems in place that would permit it to determine how much FST it is currently paying, and by how much and in which direction it will be adjusting postal rates.

John Bulloch, CFIB