

income that has to be spent on consumption rather than the absolute dollars spent. Is that a fair analysis of the situation?

Senator Gigantès: That is a perfectly fair analysis of the situation, Senator Stanbury, and thank you for touching upon this point. The fact is that, among young people and old, retired people, along with that large segment of society, the working poor, the proportion of their income spent on consumption is huge. In fact, they spend much of their income on consumption, and they will be hard hit by this tax.

I remember reading an article in the *Globe and Mail* about an admirable immigrant who had the misfortune of not being born in this land and who would have, because of that, offended the sensibilities of Senator Poitras. She probably has as bad an accent as I do. She had three children and worked in a Chicken Villa rather than go on welfare. She would have been better off on welfare, but her pride would not let her take it. She was bringing up three children by buying second-hand clothes, repairing those clothes herself and working extra shifts at minimum wage to earn extra money. A very admirable person! She spent every penny she had on consumption—every penny! Now she will be taxed for every penny of that by this consumption tax.

● (1010)

Senator Stanbury: Which means, I suppose, that she will be able to buy 7 percent less for her three children and for herself than she was able to buy under earlier circumstances without the GST. It is not just that everything will cost more; it is the deprivation that is involved in reducing the disposable income, or the income that can be used to purchase actual goods.

Senator Gigantès: You are quite right. The argument is often made by people opposite that a person like that should take into account the reduction in the price of certain items because the manufacturers' sales tax will be taken off. However, if you look at the list of those items, not all of those items are inputs into what a poor person buys. Also, if you take into account whatever GST tax rebates that person will receive, it turns out, as Mr. Brooks was pointing out earlier, that, in the best of circumstances, the poor person who spends all of his or her income on consumption will be paying 4.9 per cent more, and that is after allowing for the rebates and after allowing for the lower price—if the lowering in the price is passed, which is something to be wondered at. It is not very common that a reduction in tax is passed on to the consumers. The fruits of such a reduction are generally kept as part of the earnings of the corporate citizens. They keep it in the corporation so they can take it and invest it in Austria, or wherever.

The consumption tax taxes people less when they are in their big earning years and saving. It taxes them more when they are more vulnerable, at the beginning of their working life, and at the end of their working life or beyond. As Mr. Brooks says:

To most people this shift of taxes likely seems illogical and unfair. In effect, the tax burden is shifted away from the time in their life when people have the greatest ability to pay and to the time in their life when they have the least ability to pay.

I must repeat this because it affects poor people, the less well off, who represent the majority. With a consumption tax:

... the tax burden is shifted away from the time in their life when people have the greatest ability to pay and to the time in their life when they have the least ability to pay.

This just happens to be a true fact. I know it does not matter a damn to this government, but it is a fact. Does anybody have any questions? No? Then I will continue:

The government concedes the regressivity of the goods and services tax—

It admits it!

—but it argues that this regressivity can be offset by refundable sales tax credits for people at the lower income levels. However, there are a number of problems with this attempt to remove the regressivity of the tax. 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.

In other words, the lower-middle class gets it in the neck once more, as usual. I should also point out that that group does not emigrate; even though they get it in the neck, the great middle class of Canada stays loyal to this country because they are Canadian citizens, not corporate citizens.

Senator Corbin: Senator Gigantès, may I put a question to you? You are saying that the citizens of this country are getting it in the neck, but they are also concerned about the way they are being used, with reference to a promised tax credit. For example, I have here in my hands a letter dated October 3, 1990. It is signed, and my correspondent says:

The Conservative Party, itself, is treading a very thin line, the anger of the Canadian public is very close to the surface. The present government has used subterfuge under the guise of leadership which is unforgivable.

And I particularly draw your attention to the following sentence:

The present government's promise, received in September of a tax credit or rebate—

Where are you, Senator Gigantès?

Senator Gigantès: I am right here. I am picking up some garbage.

Senator Corbin: I could not see you.

Senator Gigantès: Don't worry about me.

Senator Corbin: I hope you are listening.

Senator Gigantès: Absolutely. My ears are very sensitive to your voice.

Senator Corbin: All right. I will begin that sentence again:

The present government's promise received in September of a tax credit or rebate in December 90 and April 91