cent of sales, but it is 40 times higher for small businesses than for big businesses. Big businesses can computerize and centralize the processing of all this incredible paperwork, whereas in small business, the proprietor has to use his or her time, or if they have to hire a tax accountant to do this extra work, then their costs go up enormously.

Senator Olson: I have read some of the new regulations that the Department of Finance are talking about. They are saying that simplified bookkeeping will be available to smaller businesses—people in the category of under $500,000 gross sales, for example. They attempt to say that this will be streamlined bookkeeping. They can do it with the Department of National Revenue, so they do not have to do a lot of detailed accounting.

There is another problem that comes up, and that is the matter of going back through the commercial system to be eligible for the rebates on all the tax that has been paid up to a certain point. Have you looked at that to see if there is going to be some relief for the smaller businesses?

Senator Gigantès: Senator Olson, we were told by one of the witnesses that small businesses with, say, an income of no more than $30,000 a year would be able to pay a flat 5 per cent and not have to prove anything or keep any paper. However, above that, and before they become large enough to be able to afford the very substantial set-up costs, they will be paying for equipment and continuous administration in a situation where the provinces and the federal government are not in agreement and where an item might be taxed at one rate by the province and another rate by the GST. One province may put its tax on top of the GST and another province might keep it separate. Then there are these absurd categories that no one understands—and everybody wonders how in heavn they got in there—which necessitates that the owner of a business has to learn a 300-page book of regulations. The regulations in this 300-page book are already being changed every day by the Department of Revenue, which cannot make up its mind.

Senator Olson: They do not know what to say.

Senator Gigantès: Exactly. This is a genuine administrative burden. The studies that have been made in Europe rank GST-type taxes as the bête noire of all business. They say if there is anything they would like to be rid of more than anything else, because of the incredible burden of paperwork, it is this kind of tax. There are simpler ways of having a GST. The people want to get rid of this nightmare of paperwork that eats into their free time. In a small business, the time of the proprietor is probably the main asset of the business.

There is no doubt that this is a bad tax. There are alternatives for doing what the government wants to do. I am reading one of them now. I will return to this document:

> Two points might be noted about this argument. First, although taxing consumption might have the connotation of favouring foresight and thrift, in fact, the ultimate purpose of saving is future consumption, and the sceptic might ask, why should wanting to consume in the future have moral primacy over wanting to consume currently? Second, although the way the argument is normally stated the ethical intuition underlying it is not clear, it seems to depend upon a notion that a consumer is using up something.

• (1700)

There has been a fair exchange, which is part of the argument that I used when I say that the only solution to the deficit problem and to the national debt problem is to put people to work so that they will be producing goods and services for the money they receive, which is equal to the money they receive when they work and not receive the same money as they do, or cost society the same amount of money, when they do not work and they do not then produce any goods and services. That produces a terrible drain on the economy. Mr. Brooks goes on to say:

> The goods and services may be gone, but the price of the goods is now in someone else's hands. Moreover, contrary to the implicit assumption underlying the way the argument is normally stating, saving is not more virtuous than consuming. Consumption is not a claim on community resources. It involves an exchange between private individuals after which both are presumably better off.

One has the money and the other has the goods or services, that is all. The goods and services are still there, only they have changed hands. Mr. Brooks goes on to say:

> In introducing the GST, the government has added a twist to this argument by suggesting it is fairer to tax consumption because people have a choice about whether they will save or consume and thus pay the tax. But for low-or even most middle-income people, the option of saving from income is meaningless. They must spend all their income simply to survive at an adequate standard of living.
>
> A second equity argument frequently made to support a shift from income to consumption taxes is that a tax on consumption in effect taxes people on their total income over their lifetime instead of, as with an income tax, their income as measured over some shorter interval of time, usually a year. Although the argument is technical, basically the proponents of this argument attempt to show first that a consumption tax is more likely than an income tax to collect the same amount of tax from two people with the same lifetime income and then to argue the fairness of that result. But even accepting the technical argument, although it is not without its difficulties, the fairness aspect of the argument is not persuasive. It has two elements. First, it is alleged the taxing consumption measures long-term well-being better than income.

Let me repeat this sentence. "It states that it is alleged that taxing consumption measures long-term well-being better than income." Mr. Brooks goes on to say:

> But the notion that only fairness over people's lifetime matters, and not their economic circumstances over relatively short periods, has little merit.