

the consequential changes to provincial sales tax revenue because of the change in retail prices resulting from the shifting federal tax burden;

Just think of the complexity of the darn thing, when they change the federal tax.

So what this last paragraph says is that this change in the tax system knocks the calculations of provincial taxes into a cocked hat. That is one of the reasons why the provinces were not too happy, and not too cooperative.

Senator Steuart: I would like to ask you, senator, about provincial tax and the problems the federal government has had, as I understand it, in obtaining the cooperation of the provinces in the melding of the taxes. As you know, that would, of course, mean most, if not all, of the provinces widening the base of their tax, and I presume possibly lowering their tax.

However, I have two questions in that regard. First, Quebec was the only province up to this point, as I understand it, that had agreed to meld their tax. However, Quebec is already saying that they do not intend to tax books, or that they are thinking seriously about not taxing books and magazines and so on. I would think that could create a serious problem because if it is to work, the tax has to be exactly the same for storekeepers and for people in business, if they want to charge the tax. My question in that regard is, do you foresee this could happen in many provinces, the provincial government getting tremendous pressure, as it does every now and then, to take the tax off children's clothing, or to take the tax off this or some service? Again, you have a real problem of the two taxes really being melded. The other thing in your research—

● (1550)

Senator Simard: What research do you mean?

Senator Steuart: I wish you would not interrupt because as one gets older one tends to lose one's place, so I have to start all over again. I started off reminding you, Senator Gigantès to talk about the provinces melding their tax and already we see a little trouble in paradise between the government of Quebec—

Senator Simard: You are talking about a melting income tax, harmonizing the tax.

Senator Steuart: Melding does not mean melting.

Senator Simard: Senator Gigantès has confused people enough already.

Senator Steuart: We use that in western Canada.

Senator Simard: Stick to the technical terms.

Senator Steuart: All right. In western Canada we use "melding" or "harmonizing" or getting along well, or not being interrupted, all those kinds of things. Where was I? Speaking of the melting pot, or is it the mosaic you want? In any event, harmonizing the tax.

Senator Simard: Oh.

Senator Steuart: Speaking of harmonizing, there appears already to be trouble in paradise with the Quebec government getting along with the federal government, if it can be considered paradise. There are some of us who think of it as some other location. However, there is trouble. Do you see more trouble down the road if this terrible tax passes and if more provinces decide they will jump in and loot the public purse and loot the taxpayer?

Do you also see a tremendous increase in the revenue for the provinces—we know it will happen with the federal government—if they harmonize, meld, put the taxes one on top of the other, squeeze them together, whatever the word is? Do you believe that there would be a greater burden on the taxpayers than we are now facing and will face if the GST is put on by the federal government alone? Have I made myself clear?

Senator Fairbairn: Clear as a bell.

Senator Steuart: And if I have, I apologize.

Senator Gigantès: What can I say, I am already feeling sufficiently depressed about this tax. You have opened other dark vistas, you and Senator Simard melding. What a horrible thought.

Senator Perrault: Mind-boggling.

Senator Steuart: I like you, I feel for you. Can it be worse than it is?

Senator Perrault: No.

Senator Gigantès: It is a little hard to imagine that it would be worse than it is, but with this government everything is possible. If anything can go wrong, it will, Murphy's law and Murphy's golden rule. Those who have the gold rule! Put those two together, start squeezing people, after melding and harmonizing them, and you may be sure that somehow or other Canadians will be worse off, not the rich, but the poor. Will provincial governments, with unbalanced dates of election, compared with the federal government, be willing to sacrifice points in the popularity polls and seats in the election by following the example of the complexities in the tax set by the federal government? I do not think so. There is a special relationship between the Quebec government and the Tory government.

Senator Steuart: Unholy alliance.

Senator Gigantès: Well, I would not say so. Let us leave those words out. We might upset Senator David when he comes in again.

Senator Olson: Senator Simard, too.

Senator Gigantès: Well, that does not matter if we upset him. He likes being upset.

Senator Simard: No.

Senator Gigantès: No?

Senator Simard: No.

Senator Gigantès: No, earlier he was reciting a mantra. He was saying, "Trudeau, Trudeau, Trudeau", and he felt better.