

would like to let them in on a secret. The vast majority of Canadians find more to love in Canada than the tax rate. They would not leave this country for another country. This is a beautiful country, a sweet country. Canada does not deserve Brian Mulroney.

Even when the question is whether a country should increase its overall tax burden in order to finance public services, the concern about the effect this might have on research scientists, engineers and medical doctors leaving the country is frequently overstated. However, in the context of a tax mix change it has absolutely no validity.

Think of it. Mr. Brooks is saying it is a false use of the argument to say that if you decrease income tax rates, you will keep skilled workers here. It is a false use of the argument when you are in a situation in which you are simply shifting the tax burden from one form of tax to another. What the Tories are saying is if we take the same amount of money but more out of your left pocket than your right pocket, you will want to stay in Canada. Whereas if we take the same amount but more out of your right pocket than your left pocket, you will not want to stay in Canada. In terms of economic reasoning, it takes infantilism to believe that.

International labour movements are not the result of marginal decisions: people either migrate or they do not. Consequently, in deciding whether to migrate, a taxpayer's average effective rate is what is significant, not his or her marginal rate. Although a revenue and distributionally neutral tax change from an income to a consumption base might reduce a taxpayer's marginal tax rate, by definition it will not change the overall amount of tax he or she pays.

It is just a question of into which pocket the government dips its hand.

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Here are Mr. Brooks' arguments for greater reliance on income taxes—arguments for replacing the manufacturers' sales tax with an income tax alternative. Members opposite keep saying that no alternatives have been presented. Of course there are alternatives, but none that a Tory can stomach. The first argument of Mr. Brooks has to do with regressivity. He says:

The major criticism of consumption taxes is that they are regressive. Low-income individuals consume a greater percentage of their income than high-income individuals. Consequently, the effective rate of a tax on consumption declines as income increases. This is illustrated in Table 17; column 4 of that table shows that with the GST, federal commodity taxes will be 7.1 per cent of a low-income family's income, but only 3.1 per cent of a high-income family's income.

That table is constructed from the same data base used by Statistics Canada and the Department of Finance, so we are not talking about different figures or a different data base. We are not comparing apples and oranges; they are all good, Canadian apples with no Tory worms in them.

[Senator Gigantès.]

**Hon. Charles Turner:** Is that something like Campeau building a house in Austria?

**Senator Gigantès:** In Austria?

**Senator Turner:** Yes.

**Senator Gigantès:** Are you talking about the Mr. Campeau who bit off more junk bonds than he could chew?

**Senator Turner:** That is true.

**Senator Gigantès:** Austria welcomes him.

That table and the figures that the Department of Finance uses shows:

... federal commodity taxes will be 7.1 per cent of a low-income family's income, but only 3.1 per cent of a high-income family's income. Moreover, a shift in the tax mix from income to consumption shifts the typical taxpayer's burden to different parts of his or her life span. Relying more on consumption taxes burdens people at the stage in their life when they are consuming, not when they are saving.

I would like to repeat that sentence.

Relying more on consumption taxes burdens people at the stage in their life when they are consuming, not when they are saving.

Young couples starting out in life and trying to establish themselves live on tight budgets, as do students. They spend every bit of money they have. They have not reached the stage when they can start saving. They are still trying to acquire the tools with which they will eventually make themselves able to save, and we are making it harder for them to acquire those tools by imposing a consumption tax upon them. As Mr. Brooks says:

Thus it results in people paying more when they are starting out in life—

It is amazing how much I agree with this man. In fact, I often find myself stopping at the end of a sentence to interpret it, only to return to the text and find that he has given the same interpretation. Yesterday, I found out how much I was being misunderstood verbally by Senator Poitras, who obviously had problems with my foreign accent, whether I spoke in French or English, and Senator Simard, who has problems with comprehension, period, which necessitates slow repetition.

As I was saying, Mr. Brooks also said that a consumption tax results in people paying more when they are starting out in life and borrowing against future income.

**Hon. Richard J. Stanbury:** Senator Gigantès, I wonder if I might ask a question. You made a good point about the proportionately greater cost to young people when they consume almost everything they earn. The same thing would be true of the elderly who are in a poverty situation, having to spend everything they receive in the way of pension or other income they might have. Should we not make a distinction between young people and the elderly who have no concern about poverty or financial problems, compared to those who are in a poorer situation? It is a question of the proportion of