

other countries after introduction include: 8% to 20% in Austria; 10% to 22% in Denmark; 13.6% to 18.6% in France; 10% to 14% in Germany; 12% to 18% in Italy; 12% to 20% in the Netherlands and 11.1% to 23.46% in Sweden. There is no reason to believe that the experience in Canada will unfold differently.

(600) Witness after witness told the Committee that on equity grounds increased reliance on sales taxes was the wrong direction for Canadian tax policy to take. Anti-poverty organizations, seniors groups, unions and concerned individuals all recommended that the Government abandon the GST proposal and address its budget requirements through other tax and expenditure measures.

(601) The Committee was particularly impressed with the testimony of Professor Robin Boadway who argued that the GST would increase the reliance on sales taxes leading inevitably to further erosion of the federal government's position in the income tax field. In 1970, the personal and corporate income tax revenue collected by the federal government was 2.5 times the amount collected by the provinces; by 1987 this ratio had slipped to 1.75 times.

(602) Professor Boadway believes that there are powerful reasons for the federal government to maintain its dominant position in the income tax field. He notes that the harmonization of the Canadian income tax system across provinces, which achieves a high degree of equity and efficiency, is coming under increasing strain as special provisions, such as flat rate taxes in the western provinces, erode the principles of harmonization.