

many ways, between what Mr. Brooks proposes and some of the things I propose and have always proposed in this chamber with respect to decreasing interest rates and increasing taxes on corporate profits. What I added, and which neither Hurtig nor Brooks put in, is in fact the theory or proposal that has now been adopted by the Economic Council of Canada in its latest report, namely if we are to deal with the deficit and with the debt, we should do what the countries have done that have avoided deficit and debt problems on a long-term basis: That is, have perhaps a deficit one year and a surplus the next. Here I am referring to the full-employment countries. There is no other solution, basically. Everything else is much more painful. So what we are looking at here instead of the GST, is a range of options that would decrease interest rates, increase federal and corporate taxes to the American level, and work on full employment.

These are the options and, as I was saying in response to an earlier question from Senator Fairbairn, they are not options that are acceptable to Tories. The picture of the changes in the tax system which Mr. Hurtig outlined for us are exactly what the Tories wanted. We remember Mr. Wilson saying that what this country needs is more rich people. He has done his best through the tax system to increase the number of rich people, and of course, there is a corollary to that: an increase in the number of poor people. Now that the economy is in recession, we will be seeing even more of them.

This recession was supposed to have a soft landing. In my view, the loss of 165,000 manufacturing jobs in 1989, and heaven knows how many there will be in 1990, are not a soft landing. Try to tell that to the people who lost their jobs, particularly those who lost their jobs in the CBC yesterday, and who were told from one minute to the next, "You are out. You don't have a job."

We must consider what it is that Tory governments generally do to do, and that is soak the poor and make the rich richer. That is what Tories are. I cannot blame them. It is the nature of the breed. It is like my dog. He digs holes in the ground. That is fine. I am not comparing a Bouvier to a Tory. However, my dog is a noble animal, but I very seldom feel like calling a Tory a noble animal. Animal, perhaps, but noble, no.

There really are not too many options. If you are a Tory, you do not want to increase taxes on the rich. You do not want to increase corporate taxes, and you certainly do not want to decrease interest rates, because all your friends make a lot of money with high interest rates. You do not want to have job creation programs because those mean a greater role for the government in the economy and, as we all know, that is anathema for Tories.

Therefore, the Tories opted for the GST. This was questioned by Senator Cools, as to why they had opted for the GST. They opted for the GST under two imperatives. One was the imperative of shifting the burden of \$4.7 billion, says Brooks, from the shoulders of the manufacturers under the MST, to the shoulders of consumers. That was one imperative. They were determined to do that.

[Senator Gigantès.]

The other imperative was not to put any other weight on their ideological clients, and this they have not done. So they were not about to adopt Liberal solutions. So there we are. They were also constrained by their secret deal over the Free Trade Agreement in keeping interest rates high and, therefore, crippling our exports.

If I may, I will now return to Mr. Brooks. As I said to Senator Castonguay, Senator Teed does not have many problems. She falls asleep easily, and sleeps like a little child. It is wonderful. Many senators, as you can see, have brought radios, and are listening to, I hope, good music, although I have strong suspicions that Senator Macquarrie might be a secret rock fan, enjoying heavy metal stuff. You know, many more might resort to these techniques before I am through—sometime in January. There are simpler, cheaper methods. You can buy little rubber things that you put in your ears, and they cut down the sound. However I find that if you have hair in your ears, as we have in our age group, despite what Dr. Keon says we can do with some machine he was talking about, they are ticklish and not comfortable. Cotton wool is comfortable if you soak it very lightly in olive oil, and if you don't mind smelling like a salad. However, to return to Mr. Brooks:

3. The Shift in the Tax Burden on Particular Consumption Goods and Services Resulting from the GST Reforms

The government estimates that as a result of the GST reforms the consumer price index will increase by 1.25 per cent. However, the burden of the MST varies enormously across goods depending upon how much of the tax falls on business inputs used in manufacturing the good and how much value is added to the good after the manufacturer's level. Moreover, the GST will apply to many goods and services not taxed under the MST. Therefore, replacing the MST with the GST will substantially shift the tax burden among various consumption goods and services.

The input-output model associated with the SPSPD/M was used to estimate the shift in effective tax burden for the 40 personal expenditure categories, as well as for the remaining final demand in other sectors.

That is Table 3, and as I say, this is a submission Professor Brooks made to the Banking, Trade and Commerce Committee, and if you ask the clerk of that committee he will let you have a copy. It is good reading. I am trying to tempt your appetite. I am sure the honourable senators opposite are discussing the very last paragraph I read, and debating the merits of the Brooks suggestion for reform versus mine and versus those of Mr. Hurtig. It is heartening to see Tories taking a real interest in public matters and public policy. I am getting a smile from Senator Jack Marshall, who is a nice man.

Column 4 Table 3 shows the net increase or decrease of federal tax revenues for each consumer expenditure category, taking into account the proposed federal excise tax changes, the repeal of the 13.5 per cent MST, and the implementation of the 7 per cent GST; column 5 shows