

Political Forum

Turner admits to foul-up on proposed GST

Well, I've managed to get myself in the middle of another mess.

Last Monday the committee that I chair in Ottawa - the House of Commons Consumer and Corporate Affairs Committee - started to hold hearings into what the GST is going to do to consumer prices. This is happening because, from the start, I've had concerns about this new tax terms of consumer protection.

When the GST replaces the existing federal sales tax of 13.5 per cent on manufactured goods, there should be a reduction in some prices - like for cars and furniture and electronic stuff and appliances. But almost nobody believes it! They think the manufacturers and retailers will just pocket the difference, keeping prices higher and sticking it to consumers.

This, of course, should not happen.

Because if it does, then inflation will increase, along with interest rates - and everyone (including the government) will suffer. So it struck me that a good way of ensuring the savings are passed on was to haul business leaders before the committee and get a commitment from them.

Now, at this point, let me repeat again that the GST is not perfect or wonderful or without flaws. It's better than the invisible tax it replaces, but it could be better

still. The provinces should be part of this, for example, so we have just one level of tax which is simple to understand and easy for businesses to collect. But maybe that can still happen, after we all get used to the change.

As a single MP, I can't do it. But as chairman of this committee, what I can do is try to ensure the GST is fair. And fair means this: Those prices that should drop, must drop. The tax should not make interest rates go higher. It must not trigger an inflationary spiral.

And this is where my troubles seem to be beginning.

The committee decided who we should hear as witnesses - everyone from car manufacturers, to economists, to retailers, to the Bank of Canada, department stores and labour leaders. And almost all were co-operative - except the leaders of the Canadian Labour Congress and Canada's biggest union, CUPE.

We wanted them to come and reveal why - when the feds and most economists say the GST will add just 1.25 per cent to prices - they are asking for wage increases of about 9 per cent, based on the effect of the tax.

Because if wages zoom ahead, so will prices. And so will interest rates. Then we all have problems - problems, it seems to me, we can avoid now.

Garth Turner
MP

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PROGRESSIVE
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So, I got a bit tough. Last Thursday afternoon the committee issued summons demanding these labour leaders appear as witnesses. This, I found out later, is almost never done. Because although the committee has the same powers as a court of law, MPs are reluctant to flex those muscles.

Of course, you can imagine the reaction of the New Democrats. They have more or less declared war on me for forcing national labour leaders to testify, and to defend their actions. There seems to be a belief that while it's okay to muscle big business, big labour, on the other hand, is above the law.

The Liberals on the committee agreed with me that any witness who refuses to appear should be forced - and I appreciate that support. But, with the NDP declara-

tion of war, anything could now happen, I'm bracing for political fireworks - which we can all do without.

Meanwhile, testimony so far has been most interesting. Economic experts came to Ottawa to tell us they see no reason why some consumer prices shouldn't be lower next year, after the GST replaces the existing tax. Of course, the price of some things which are not taxed now (fuel oil, haircuts, legal fees, clothes) will be higher. Overall, we heard, prices will rise something between 1 per cent and 2 per cent.

But that's not enough to convince us.

This week we hear from manufacturers directly. For example, if you're reading this on Wednesday, then today executives of Ford and Chrysler and the automobile dealers' association will speak. And what we'll be asking them is how they intend on passing on the tax savings to their customers.

After the GSTs in place, the price of a \$15,000 car should drop by about \$700. And if you buy that car to use in a business, then the real cost will be about \$1,500 less than today.

So the change in the tax system is not all bad news - despite what you constantly read and hear. Everybody gets very nervous when you start talking taxes, which is why this committee is obsessed right now with consumer protection. We want to make sure

those prices fall, and if some of them don't - that the feds have ways of forcing the issue.

Right now Ottawa proposes to have a watchdog agency set up to tell us what prices should fall and which should rise next year. It will inform consumers, investigate complaints, monitor prices and try to publicly embarrass those businesses who pocket money which they shouldn't.

This may be enough government intervention. Maybe not. Maybe it's even too much.

These are the things we're trying to discover over the next five weeks of hearings. It's a lot of work, but it's also worth it. Anybody who uses a change in the tax system for personal gain - whether it's big business or big labour - is an enemy of the people.

The last time I looked, the country was bigger than both of them.

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Canada a stepping-stone?

By TOM MITCHELL
Communications Division
Statistics Canada

OTTAWA - How many immigrants to Canada use this country as a stepping stone, a way station on their journey to some other destination?

There is no exact tally. Neither Statistics Canada nor any other government agency counts people who leave the country. But calculations based on the best information available show that from 14% to 22% of all immigrants who arrived here in the five years just before the 1986 Census left the country not long after gaining admission.

This assessment is made by looking at immigration numbers for the years 1981 through 1985 and

checking against the number of immigrants identified in the 1986 Census. Over such a short span of time, the effect of mortality is considered negligible.

For example, there were some 128,600 immigrants in 1981 and only about 107,000 of them were identified in the 1986 Census, a discrepancy or gap of about 17%. This same gap stood at 22% for the 1982 immigrants, 21% for the immigrants of both 1983 and 1984, and 14% for those of 1985.

Where these immigrants went is, of course, a matter of conjecture.

Migration studies have shown that a certain number return to their country of origin, perhaps because they are unwilling or unable to complete the cultural uprooting that immigration entails. Others continue their trek to yet another country. For immigrants to Canada, the nearby United States provides a ready destination for continued migration.

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