

Sipping Purple Kool-Aid with the Fraser Institute

by Tia Everitt - Thursday, June 24, 2010

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Those whacky folks down at the [Fraser Institute](#) are at it again.

The Fraser Institute's [latest report](#) is a shining beacon of vagueness and generalities, touting their usual stance that the holi polloi have been misguided, and led down the path to ruin and destruction by the evil [anti-HST movement](#).

Amongst the vast piles of heifer-dust in the report, Gordo's lapdogs assert the following points, ad nauseam:

- HST will create financial gains for poorer families
- HST does NOT shift the burden of tax onto the individual when it is taken off of corporations, because reductions in personal income tax will outweigh the at-the-till spending
- HST is a fair and more effective manner of taxation than the existing PST system, which forces businesses to pass on costs to the consumer through reductions in rate of ROI/low wages/high pricing.
- Precedent set by provinces which instituted HST taxation (NFLD/NS/NB) show that the competitive nature of the HST directly related to cost reductions in form of lower pricing. Sayeth [Niels Veldhuis](#):

Our study explains why reductions in income taxes must be considered along side the increase in sales taxes in order to get an accurate picture of the impact of HST on British Columbians. Overall, the income tax reductions significantly mitigate the effect of the HST, in a relatively minor increase in the total tax bill for the average BC family.

They then go on to explain that the HST is a gentle tax on consumption, and that the government will use lube when they *gently* penetrate our collective wallets for a piddly \$410M over the next 12 months.

If you just drink this tasty purple Kool-Aid, gentle citizen, you'll see that the HST is good for you....

So, why is it then, that [Stats Can](#) is painting the HST as more of a violent financial raping, than a romantic encounter?

- Stats Can's HST analysis anticipates that the provincial government will be hauling in \$1.5B over the next 12 months.
- The Statistics Canada report allowed for increases to personal tax credit, tax rebates and incentives, costs to business.
- The very people that the Fraser Institute claims will be least harmed (low income/elderly etc.) are singled out in the Stats Can report as people who will be hit hardest.

Methinks that Ye Olde Fraser Institute is trying to get British Columbians to close their eyes, plug their noses, and open their mouths so they can cram a heapin' helpin' of HST flavoured cod swallop down our collective throats. They are asking us to believe that after the miracle tax is initiated, retailers will leap about as in Wal*Mart commercials, slashing prices willy-nilly! Employers will toss extra money at us! What is good for corporations is good for all of us! The evil dragon of Personal Income Tax will be slayed! British Columbia will be a veritable utopia! Hurray for the wonderful world of trickle down theory! Whee!

I wonder why it is that I'm so hesitant to chug my Kool Aid?

The HST is wonderful... if you're a large corporation. No more pesky PST tacking on 7% more than you'd pay in AB or other HST provinces! Decreases cost of machinery! Creates investments! Easier tax reporting! Yet, how often is something that favours big business going to benefit John and Jane Public?

The HST now lays a hefty weight on tax payers, because corporations are no longer going to be kicking in their portion. We are now tithing that missing chunk of dough. I fail to see evidence in the Fraser Institute report that actually depicts HOW the little guy is going to save these fabled truckloads of money. Exactly what kind of personal income tax cuts will we be enjoying so that we no longer feel violated when we're forced to cough up an additional 7% out of pocket when eating out, getting our hair cut, paying the cable bill, jumping on a plane or buying a house? Who is going to ensure that employers - having realized substantial savings - show us the money? I'm skeptical that my ever rising grocery bill is suddenly going to take a dip because the grocer is feeling the love.

I'll bet the government won't even bother to use lube.