

*Proceedings on Adjournment Motion***PROCEEDINGS ON ADJOURNMENT MOTION**

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

[*Translation*]

FINANCE—ABOLITION OF SALES TAX ON SALE OF CONSTRUCTION MATERIALS

Mr. Henry Latulippe (Compton): Mr. Speaker, this afternoon, during the oral question period, I asked the Prime Minister (Mr. Trudeau) if the government was considering rescinding the sales tax on building materials, as requested by the Canadian Construction Association.

According to the spokesmen of this Association, this tax is unfair and, in their opinion, the same arguments are valid today. Indeed, not only does it add to the cost of badly needed construction, but it also depresses a vital industry.

Mr. Speaker, this tax was imposed in 1965 or 1966, I think, and has been in force ever since. According to the then Minister of Finance, the tax was necessary to fight inflation. To this end, we had to slow down housing starts and then impose a tax of 11 per cent on building materials. This tax therefore contributed to increase construction costs and in general the cost of living. In increasing the cost of living, housing costs went up to the extent that Canadians were barely able to find accommodation.

In reason of this hike in prices and the interest rate of the CMHC, the government of that day, like this government, voted huge amounts to boost housing starts, but through building sky high barriers. Ridiculous interest rates of 10 to 12 per cent were established by the Central Mortgage and Housing Corporation and by banks or other financial institutions which lend money for residential construction.

Such high interest rates, added to the increase in the cost of building materials and services, have forced municipalities to increase taxes for those who would have been able to build houses for themselves.

The government, however, has stated on many occasions that agencies had to be created to help low income people to become home-owners. But the only thing that has been done to this end was to extend the repayment period to 50 years, from 25 years as it was previously. Thus homeowners are paying five or six times the price of their houses.

The only concern of this present administration is to make the rich richer and the poor poorer. In doing this, Mr. Speaker, we help the large financing institutions become still more powerful and the big financiers fleece the poor. Indeed, it has become just about impossible to build a house today without assuming a 40 to 50-year indebtedness and paying five or six times its price.

Any man is entitled to own his home, his furnishings, his personal belongings, his car, the tools of his trade and also the required consumer goods.

Personal ownership of such property allows man to plunge his roots into some piece of land and there to organize his own universe and that of his family. That

[Mr. Deputy Speaker.]

ownership is his form of communion with the physical universe.

Mr. Speaker, if life is a journey, man must be able to put into port as often as his activity permits. That port must be his own and must not belong to someone else. There he rests, there he renews his physical and moral strength and prepares for the next day's progress.

He can carry out his responsibilities only by taking root in a soil which is his and of which he can dispose as he sees fit. If property in itself is a good thing, if the need to own something is a human one and if, moreover, ownership is a guarantee of freedom and independence, property should not be taken from those who own it, and transferred to a state which will make improper use of it.

Mr. Speaker, personal interest is and remains the most powerful driving force of human activity. From the very moment when it is reserved to a small number, when a vast majority of citizens are condemned to work without interest, the government is negating its principles, is consecrating a society of masters and slaves and not a society of human beings.

Therefore, Mr. Speaker—

● (10:00 p.m.)

[*English*]

Mr. Deputy Speaker: Order, please.

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, in posing his question to the Prime Minister (Mr. Trudeau) during the oral question period today, regarding the sales tax on building materials, the hon. member for Compton (Mr. Latulippe) reiterated a representation which has been made on numerous occasions, both within and without the House, by many hon. members and by persons, firms and corporations engaged in the construction industry, not the least of which has been that very effective body, the Canadian Construction Association.

I should like to point out that, strictly speaking, allusions to the 11 per cent sales tax on building materials are misleading. There is not a particular tax on building materials; rather, there is a general sales tax in Canada on manufactured and processed goods. What is really being suggested is that building materials be exempted from that general sales tax. From the revenue standpoint, the sales tax applicable to building materials means \$300 million to \$350 million annually. Possible options to make up this amount would be a 1½ per cent increase in the sales tax on other goods or a 6½ per cent increase in personal income tax.

Many who have commented on this subject have limited themselves to the tax on building materials for residential construction. That exemption would result in a revenue reduction of \$130 million to \$150 million. Since the tax does not apply to such residential construction costs as land, labour, overhead and profit, its actual impact on housing costs is in the 4 per cent to 5 per cent range. I can assure the hon. member and others that their representations have been heard. However, any change in taxation must, in the practice of this Parliament, be disclosed in a budget bill or in a budget speech and cannot be indicated in response to a question even by one sufficiently interested to wait until this late hour.