

Government Orders

rich? They taxed manufactured goods because as a rule, people were self-sufficient, made their own fabrics, sofas, clothing, etc. Therefore, they levied taxes on luxury items because rich people had enough money to buy a manufactured sofa or weaved worsted clothes. This is how we developed our tax system in Canada. Because of the religious or historical context, we have had sin taxes—liquor, cigarettes, playing cards. Only recently have we been able to buy playing cards without excise stamps. And we started taxing the rich because the rich bought manufactured goods. So we said that was a good way to raise money. And we kept on doing it. Manufactured goods were taxed more and more, but there has to be a limit. It is not because one is rich that one will use a hundred times more manufactured goods than one's poor neighbour. There is a limit to that. It is not because I am rich that I will take 42 meals a week instead of 14. If I am rich, or if I have money, instead of buying groceries for my meals I will buy services, eat in restaurants. So, the more affluent I am, the more services I can afford. If I had money, why would I buy a \$20,000 car? I would lease an automobile with a chauffeur! I would be stupid to drive. If I am rich, why would I buy a house? Why buy a house and look after the flowers? Instead, I will hire a gardener, rent a house, and so forth. I will rent services, and they are not taxable.

If tomorrow morning you receive \$250,000 in interest on your investments, Mr. Speaker, just for the last three months, it would be stupid of you to invest them yourself. You would use financial consultants. Come now! The more affluent one becomes, the more services one uses. Fifty years ago, the more affluent one was, the more manufactured goods one used. It was tempting for governments to jump on that. But as everyone suggests, this is old-fashioned. Our Opposition colleagues also suggest this I think. They certainly do not agree with the proposal. But that is the direction the tax system will take. We simply have to propose changes.

I can see some Members who did not even bother to attend the proceedings of the Committee on Finance chaired by our colleague from Mississauga South (Mr. Blenkarn), so they certainly did not come up with meaningful suggestions. How do we go about it? Someone may not particularly favour 9 per cent, or 7 per cent, or even 5 per cent. We agreed to some exceptions. Some

people said: I would support a 5-per-cent tax without any exception. That is one option. The government chose another one. So now the government is facing the problem of taxing wealthier Canadians on what they chose to do with their money, and these are the people who now use ever more services.

Back in my riding I gave a few conferences on the GST and a lady said to me: Mr. Hudon, this means that when I eventually sell my house I will pay a 9-per-cent tax on the contract drawn up by the notary. I replied: Yes, Madam, you sell your house, the notary charges \$1,000 for the contract, so you pay \$90. You cannot afford to pay that? On any given day, do you know how many people sell their house? You will sell one in your lifetime. How many houses did you sell in your life? Two, Mr. Hudon. Do you know how many people sell houses every day? They are not taxed. What the Minister of Finance did through the tax reform is something new, at the same time a change in the income tax level and in the tax rate. This is the way we will improve our system, broadening the tax base and being more equitable by taxing rich people on what they do with their money. We are not hiding anything, Mr. Speaker. It has been suggested that people will leave Canada and that tourists will stay away in droves. Well now, the situation is the same everywhere.

The second issue to keep in mind and to point out honestly to all Canadians is that everything made or produced in Canada is subject to a 13.5 per cent tax.

• (1840)

We do not tell people enough—you are afraid to and some days so am I—that normally, the price of all manufactured products will go down 13.5 per cent and up 7 per cent.

Will the big corporations pass on the savings? We have to find some way to check into that. A system will have to be set up to do that. But normally, that is what will happen and what will help our exports.

We talked about it in the free trade debate. Canada, the Canadian economy, depends entirely on our exports—and I mean that. I do not get richer by selling something to my neighbour in Valleyfield; I get richer when I sell abroad and new money enters the country.