

and it is now obvious that Canada's credit is very good not only in the United States but also on the European markets.

#### NEW OFFER OF QUEBEC CONCERNING SALES TAX

**Mr. Adrien Lambert (Bellechasse):** Mr. Speaker, I should like to direct a question to the Minister of Finance.

Following the last letter which the federal Minister of Finance addressed to his Quebec counterpart, a copy of which I have before me and for which I am deeply grateful, could the minister advise the House whether there have been any new developments in this conflict? Has the proposal he has made been received with either enthusiasm or reserve by the province of Quebec, and are there other possible solutions to this conflict which I consider very serious, considering the current state of the Canadian economy?

**Hon. Jean Chrétien (Minister of Finance):** It is like this, Mr. Speaker. In order to meet the particular situation which had resulted from Mr. Parizeau's unilateral proposals, I have modified my own proposal after consultations with my counterparts from the other provinces who had made commitments based on my proposal. I have changed mine and offered Mr. Parizeau to reduce the sales tax by 2 per cent on other items sold in Quebec and to assume the full costs. I am quite surprised that Mr. Parizeau should want to deprive Quebec taxpayers and consumers of this opportunity. I dare hope that when the election campaign is over sometime this year, Mr. Parizeau will realize that causing Quebec to lose this money will serve no purpose and that we will be able to compromise.

**Mr. Lambert (Bellechasse):** Mr. Speaker, on a supplementary.

As things do not seem to be improving, would the Minister of Finance be willing to remedy the situation by some other means, since the sales tax cut is intended to make more money available to consumers? Is the Minister of Finance willing to intervene in that field under federal jurisdiction, and let the provinces exercise their own jurisdiction, by reducing taxes at the manufacturing level which comes under federal jurisdiction? Thus the same objective would be attained, the same advantages would be given to all Canadian consumers and no one would quarrel. Is the minister willing to consider that proposal?

**Mr. Chrétien:** Mr. Speaker, when my budget was being prepared, I did consider the possibility of reducing the federal sales tax, and had I not thought I could reach an agreement with most of the provinces, I should have opted for that possibility. The reason why I did not is that the federal sales tax is levied at the manufacturing level and I could not be sure that the tax cut at that level would have been passed on to the consumer while the provincial sales tax is paid after prices are set, and all Canadian economists, chambers of commerce and several other bodies advocated a provincial sales tax cut. That

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is why I offered to help them. Of course, if during the next five or six months, Mr. Parizeau maintains his stand, we may look into the alternative proposed by the hon. member, but then, if I resort to that, benefits will accrue not only to Quebec but to all the rest of Canada. In the circumstances, one must bear in mind that if Mr. Parizeau wants to deprive Quebec of \$185 million, a solution must be found that is acceptable to the federal government and the finance ministers of the other provinces.

#### INQUIRY WHETHER GOVERNMENT WILL CONSIDER QUEBEC'S SALES TAX PROPOSALS

**Mr. Heward Grafftey (Brome-Missisquoi):** Mr. Speaker, in spite of the statement made by the right hon. Prime Minister yesterday, I shall ask the following question as a good federalist, not as a separatist. The hon. member who has already asked a question saw yesterday that the unanimous vote includes the good Liberals in the Quebec National Assembly. Considering the unanimous vote to support Mr. Parizeau's proposal and given that in the manufacturing industries in Canada 30,000 out of the 36,000 jobs lost were in the province of Quebec, in a traditional sector such as the textile industry, is the minister seriously considering Mr. Parizeau's proposal without calling us separatists?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, I have already made some observations on this subject. If Mr. Parizeau wants to help the footwear and textile industries through his budget, which is what we have been doing for several months when we imposed quotas on imports, I think he is free to do so. If Mr. Parizeau now wants to cut the sales tax on children's clothing, a tax which he imposed last year, when everyone was saying it was a foolish step, if he wants to correct his errors, we should not have to foot the bill.

Mr. Speaker, I think that no other province had ever put a sales tax on children's clothing. So, if Mr. Parizeau wants to remove it in his budget, it is his own responsibility. As far as I am concerned, I made a proposal which was accepted by all the other ministers of finance. As the federal government, we made a number of proposals to the nine other provinces, and now Mr. Parizeau comes after the fact, just like a hockey player who jumps on the ice after the others have gone to the dressing room, and tries to score. I think it is rather ridiculous.

#### OBJECTION TO USE OF "SEPARATIST" IN CONNECTION WITH QUEBEC SALES TAX PROPOSALS

**Mr. Roch La Salle (Joliette):** I have a supplementary question.

In view of the fact that in a recent memorandum the Minister of Finance informed his colleagues that he considers Quebec's proposal a separatist measure; in view of the unanimous vote given last night at the National Assembly and in