

Income Tax Act

Mr. Chrétien: Mr. Chairman, first I want to tell the hon. member that all observers of the economic scene last week attributed the good performance of the American economy to the fact that demands has increased very substantially. The best way to help stimulate consumer demand in Canada is to reduce the tax paid at the consumer level, which is a tax that is applied by the provinces. The government offered the provinces a scheme to reduce that tax. Eight provinces accepted the offer, and Quebec refused. The government could not force Quebec to reduce its sales tax. It was quite evident that they decided to do something other than what the other provinces wanted to do. But the federal government does not have to pay for that. The government just pays that portion that complies with the national scheme. We decided not to penalize the Quebec citizens and to return to them in the form of a tax rebate the \$186 million, which amounts to \$85 for each taxpayer according to the 1977 list.

[*Translation*]

Mr. Lambert (Edmonton West): Mr. Chairman, if I enter the debate on this bill at this time it is because for several reasons I preferred to concentrate on something else. I have heard the remarks made by several members of this House and listened to the questions asked during the question periods, and for several days I have read the newspapers. I am surprised that my good friend the Minister of Finance should have unfortunately stepped into a trap from which he has great difficulty freeing himself. It is good to see that there has been an agreement. An effort was made to come to some agreement with the provinces in order to offer a common front concerning a budget proposal.

[*English*]

I am going to say to the minister that he has no business using his spending power. I am speaking on behalf of a province that is not directly affected by his original proposal with regard to the sales tax. But may I say at the outset that his statements that there are other compensations—and incidentally statements of the Prime Minister—in the budget for the people of Alberta may come to pass only if certain, shall we say, operations are put into play over the next few years with regard to the development of non-conventional oil resources. In so far as the citizen of Alberta is concerned, he is directly discriminated against. Albertans should be entitled to some relief if we use federal funds to compensate citizens of other provinces generally. What is wrong with the people of Alberta? I know my colleagues from Red Deer and from other constituencies in the province have argued this point but I am arguing it again because the minister has moved away from the field of sales tax, and he has entered the domain of income tax, which brings up an entirely new ball game.

Why should the citizen of Alberta not be compensated in so far as income tax is concerned? He is as much a taxpayer as any other taxpayer in Canada. Why should he be discriminated against in this proposal?

If the minister's proposal with regard to sales tax has been turned down by the government of Quebec—and I say the

[*Mr. Clarke.*]

government of Quebec is fully entitled to move in the field of retail sales tax as it, and it alone, sees fit—so can the government of Newfoundland, and Newfoundland has variations on sales tax. There are some things which are not taxed in Newfoundland that are taxed in other provinces. We can go right across the country and see variations in the sales tax which are perfectly in accordance with the constitution. But, no, the minister here by his proposal has said, "You must remove 2 per cent of the sales tax for nine months, or 3 per cent for six months. And this must be across the board. There has to be uniformity across the country." I cannot see that, nor can I see the Prime Minister who said that everything must be done the same way. The government has not done that for Alberta. That is an example of discrimination right there in their plan. That was item No. 1.

The second discrimination exists in the system itself, as I have pointed out. Various provinces have exceptions to the sales tax. That is of their own doing. Now, because Quebec chose to act in its own way with regard to the sales tax, the minister says, "All right. I am going to compensate the people of Quebec for a portion of what would be the allocation to Quebec, and we are going to compensate income tax payers." But they are not the ones who are paying the sales tax. The minister, in his wildest dreams, will never insist that all sales taxpayers in Quebec are income tax payers. So the compensation is different. That is another form of discrimination.

Then I come to my third point which is the element of rebate of income tax to an individual Quebec taxpayer. I say that is a discrimination against income tax payers of the province of Alberta. They do not get any adjustment for sales tax because there is no sales tax in that province.

● (1432)

When it comes to the income tax rebate, the federal government is trying to stimulate the economy. When the Minister of Finance makes his payment of the income tax rebate to the citizens of Quebec, he has to admit it is for the purpose of economic stimulation in that province. Why not the same for Alberta? The provisions of Bill C-56, in so far as they affect the petroleum industry at some indefinite time in the future, are no compensation for the immediate spending power of the citizens of the province of Alberta, or of Newfoundland, Nova Scotia or wherever. They are entitled to it just as much. For that reason, I oppose clause 30.

[*Translation*]

I want to deal with another matter, Mr. Chairman, namely the speech made this morning by the hon. member for Maison-neuve-Rosemont who is opposed, not to the principle of stimulating the economy of the province of Quebec or of any other province, but to the federal government encroaching upon an area of provincial jurisdiction.

[*English*]

It is a total breach of the spirit of our constitution.