

new scheme. Its new scheme was to give, in view of the sales tax reduction such as it gave the other eight provinces, a special \$85 cheque to every individual resident in the province of Quebec as of December 31, 1977. Is that not beautiful! Just think how clever this is politically! We can just see how the Jim Coult's and the Keith Davey's worked that out. They knew how it would project politically in Quebec, that it would be the coup of the century if \$85 cheques were sent to every resident of Quebec as of December 31, 1977. The government is not giving that to the other eight provinces. There is a deductibility based approximately on the residents in those provinces during the current year, 1978. This is cute, because who can really say no to an \$85 cheque? Presumably Keith Davey would say that all kinds of warm feelings will flow from those individuals to the federal government, their great benefactor.

Of course, the government then put the provincial government in the awkward position of having to tax back the \$85. Of course, this is not politically what most people would like to do. So from the great strategy standpoint—and if it is not Keith Davey, then presumably it is some adviser to the Minister of Finance who worked out this scheme—you can see how cute it all was. But, frankly, what the government did not anticipate was that there are many people in Quebec who put their honour first and said that they will not accept that kind of bribe, they do not feel that it is right for the federal government to walk around the constitutional reality in order somehow or other to embarrass the provincial jurisdiction. That is where the fight began.

Unfortunately, the minister did not back down. I understand that he did not back down because he took great heart from the Gallup poll which, to his great surprise, did not show a drop for the Liberals but showed the Liberals going up marginally, so he felt it was an endorsement of his approach in Quebec, and he put his gloves back on and said, "Fine, full speed ahead". In fact, he even now shows me the results of that Gallup poll which are on his desk.

Mr. Paproski: The Shawinigan kid!

Mr. Stevens: What a way to run the economy of the country, to keep one eye on the current Gallup poll and the other eye on how you can win personal favour with individuals in Quebec by giving them \$85 cheques as hand-outs.

I should like to read into the record something which the minister said earlier during the main debate on this bill. It appears on page 6366 of *Hansard*, and this is what he said:

There is, of course, another element, though people forget about it. Because we are dealing directly with Quebec taxpayers and not collecting the taxes for Quebec, there are some 200,000 Quebecers who will not receive a rebate if I take the list of 1978, for the reason that since we have deducted for them \$100 so far this year, in January or February or later, they will not qualify at all. It is only those who pay between \$100 and \$185 in taxes who will qualify. So we would have eliminated 200,000 Quebec citizens from being entitled to that credit.

Let us just analyse what the minister is saying. I do not know whether he realizes how blatant that statement is. He is saying in effect that the reason he wanted to use the 1977

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figures for his tax rebates in the form of the \$85 cheque is that if he used the 1978 figures there would be 200,000 people in Quebec who would not get his \$85 cheques because they would not have anything coming to them because they had already received the \$100 in January and February. So unless they had something coming to them greater than \$100, there would be nothing to give them back.

The minister is saying that those 200,000 Quebecers can only be given their cheques if he uses the figures for the previous year. What that really means is that the minister has victimized every other person in Canada who also received the \$100 deduction but now will not be able to claim his \$85 deduction because it is already used up.

An hon. Member: Cosy deal!

Mr. Stevens: Just think of the ramifications of this. In their eagerness to give the \$85 individual payoff in Quebec, they said that they had to shift the base back to 1977 because they have already given those people a \$100 deduction in 1978, which was received in January and February, so unless they shift back there will be 200,000 people who will not get any benefit. But when they deal with the other eight provinces, they ignore totally the fact that the same argument can be made for them. The residents of those other provinces received their \$100 deductibility in January and February, and presumably there are approximately four times as many Canadians in those provinces who will literally not get the \$85 or \$100 deduction to credit against their provincial tax position. The net result is a very interesting transfer of income. There is roughly \$186 million which will be going in the aggregate to Quebec residents, presumably to filter somehow back to the provincial government. The corresponding amount will not be going to residents of the other provinces of Canada because of the gimmick pulled by the Minister of Finance as he described it in the part of *Hansard* which I just read.

Secondly, one of the reasons given by the minister for wanting to get this money flushed through Quebec early—he did not mention the upcoming election, presumably he never even thought about it—was that you cannot inject a stimulant into Quebec unless this is done first. But where is the stimulant being injected into the other provinces? It is occurring only because the other provinces have reduced their provincial sales taxes. In Quebec the provincial sales tax is also reduced.

Some hon. Members: No.

Mr. Stevens: Some hon. members opposite say no. In fact, it has been reduced on five separate items.

Some hon. Members: On four.

Mr. Stevens: All right, on four items. If hon. members want to call it only four items, that is fine. The fact is that, to the extent of \$186 million, the provincial government has already reduced the provincial sales tax in Quebec, so the stimulant there is in place. What the minister is actually doing is applying a double stimulant in Quebec. He knows that the \$186 million is already having its effect in Quebec. The only