

Income Tax Act

be reasonable to expect from them a favourable attitude towards the federal proposals. They are deceitful, Mr. Speaker. They wait until all other provinces accept the project or the proposal because it is fiscally interesting and feasible, easily controlled and favourable to all parts of the country without discriminating against any industry.

● (1512)

The day after the introduction, the finance minister stated that he was against the proposal made by the federal government. That is the same man who three years ago, perhaps four, Mr. Speaker—I forget because it is not my favourite topic—launched a newspaper called *Le Jour* which failed. Still it was an undertaking conceived, designed and developed by that famous finance minister who is apparently living in a fantasy world. He thinks of himself as a cow watching a train go by. Such was his own admission in the National Assembly in reply to a question put by a member of the opposition. He said: You know of the difficulties in which the Minister of Finance now finds himself; me, I am somewhat like a cow watching a train go by. Perhaps those comments are unparliamentary, Mr. Speaker, but they were uttered by the Quebec finance minister and his description of the situation faithfully mirrors what I think of him.

So the question is whether Quebecers are really penalized and how a minister who is supposed to be an economist can reach such a conclusion. Mr. Speaker, I would like to consider the impact of the proposal made by the Minister of Finance on the economy and the collection of provincial taxes. I see that the respected member for Regina-Lake Centre (Mr. Benjamin) has not left yet; I wish he would stay a few more minutes, Mr. Speaker, so that he can see the other side, the other way of analyzing this tax cut program.

As I indicated earlier, a 3 per cent tax cut over a period of six months will stimulate purchasing. A number of people will buy certain goods earlier than they expected, for instance to replace carpeting, furnishings, a suit or what have you. However we suggested a six-month cut for those who accepted the scheme and nine months for those who prefer the nine months, without discriminating against any industry, except of course alcoholic beverages, cigarettes and such things.

So this increase which could normally and legitimately be expected would have reduced the loss that the provinces will suffer, will reduce the loss that the provinces expect to have, because if you figure it out, Mr. Speaker, it takes a 14 per cent increase in sales to compensate for the 1 per cent which the provinces will have to pay. Early indications in provinces other than Quebec show that not one province will experience a loss because in fact of this 14 per cent increase in sales that can compensate for the 1 per cent paid by the provinces. So it is not a bad deal.

We are not trying to penalize the industries which are doing well in those provinces, we do not discriminate; as for myself,

[Mr. Dupras.]

Mr. Speaker, I am not altogether convinced that helping only a few industries will lead to economic recovery. I believe that the universal formula of promoting industry is the best, the simplest and the one that offers the most leeway. And I am convinced that on the economic and fiscal levels, helping four industries which perhaps are not doing well—and I have figures, Mr. Speaker, to disprove some arguments of the Quebec finance minister in that regard—that helping four industries is perhaps not the best way to ensure economic recovery in a country or a province. As I indicated a moment ago, Mr. Speaker, a 14 per cent increase in sales of all goods subject to the tax cut will compensate the province for the loss it would have incurred without the increase. We can well expect at least a 14 per cent increase, but more probably closer to 20 per cent. If on the other hand you take away the 8 per cent tax on certain goods, if you remove it completely, there is no way the province can get its money back, even with a 40 per cent increase in sales, which is doubtful. In my view the increase could be limited to approximately 15, 20 or 22 per cent, but even if it were 50 per cent, there is no way the province of Quebec could get the money back on those 8 per cent that were removed. We are talking here of course in the case of the province of Quebec of the 6 per cent on its goods, because 2 per cent will be paid back by the federal government.

Mr. Benjamin: That is their business.

Mr. Dupras: The hon. member is suggesting that is their business. When the deal is bad we should not be intimating it is a good one because that is their business.

Mr. Speaker, how is it possible to suggest we should penalize this country's economy, deprive the economy and the Canadian people of several initiatives because of an alleged invasion to a degree of a provincial jurisdiction? My colleague from Regina-Lake Centre suggested earlier that such an invasion by the federal government had not been seen since the war years. But apparently the economic situation was serious at the end of 1977. The first ministers at the federal-provincial conference all expressed a desire to sit down with the federal government and prepare measures to counteract, to put the economy back on the right track, to solve economic difficulties. In those circumstances, Mr. Speaker, the Minister of Finance candidly trusted all ministers of finance. He was right eight times out of nine, which is not such a bad score. I feel his batting average is excellent.

Of course it is normal that after the fact there is a temptation to suggest this was a federal invasion. But we were opposing this, we only joined the program because they themselves were urging us to do so. There is no need to quote from the multiplicity of speeches that were made on the subject by the majority of Canada's ministers of finance, urging action and inviting the federal government to come up with proposals.