

have tried to take that into consideration. I could have acted arbitrarily and made the offer here in the House during my budget speech. Then the pressure would have been on the provincial finance ministers. All economists, commentators were saying: the sales tax should be cut. The C.D. Howe Research Institute, the Chamber of Commerce, all people analysing the economic situation since October, realizing that demand had declined too much in Canada, were suggesting a sales tax cut. Unfortunately, Mr. Speaker, because of the constitution, even though I believe that we would be entitled to get involved with the sales tax if we wanted to, we have not occupied this tax room because it comes under provincial jurisdiction.

I took it upon myself to ask the provinces to do this, and I did not only consult them just before the budget. We started to discuss this in October, Mr. Speaker, at the finance ministers' conference. If I have been guilty of anything, Mr. Speaker, it is of having believed in Canada, of having believed the Quebec government when it said that it had been elected to be a good government and to provide sound management, that it would behave like a government still within confederation and not like a government that wanted to get out of it. If I have been guilty of anything, Mr. Speaker, it is of having talked with Mr. Parizeau for the first time in Canadian history before the tabling of a budget, not only about the sales tax, but also about the fiscal and monetary policy and about the policy of the Bank of Canada. Mr. Parizeau, Mr. McKeough and myself spent four hours one evening in Montreal discussing all this. And at no time was there any mention of a selective cut because it is fairly obvious that if we wanted to get into selective cuts, at that time—

● (1652)

[English]

It was evident when we discussed that. Everyone should realize this has been done before. Ontario paid from its own pocket. Two years ago the province of Ontario decided to stimulate the automobile industry. The minister of finance of that province decided within his own jurisdiction to reduce his own sales tax on cars from 6 per cent to zero for a period of time.

**An hon. Member:** He did it right.

**Mr. Chrétien:** He did it. He was very keen to convince everyone in Canada that it was the thing to do following his own experience—

**An hon. Member:** And you bungled it!

**Mr. Chrétien:** —to do it across the board.

**An hon. Member:** And he did it right.

**Mr. Chrétien:** I thought it was a good move. If someone is to be blamed because I played with the cards on the table by deciding to be novel and try to find a mechanism to help

Canada solve its economic problems, then, if I am guilty of that, I will plead guilty. I will not apologize to anyone.

**Some hon. Members:** Hear, hear!

**Mr. Chrétien:** When I hear so many accusations in this House that I am doing that just to try to separate the country even more—

**An hon. Member:** That is what you have done.

**Mr. Chrétien:** I think it is unbelievable that hon. members are making that kind of accusation. As I have said, we were acting in good faith.

I will meet the provincial ministers of finance next month. We are trying to arrange a meeting. I know it will be embarrassing for them and for us because we tried something. It was very difficult because the ministers from the west were uneasy about it; they do not have a big manufacturing base. I told them that as the maritimes could not afford to be part of the scheme the federal government would be paying 100 per cent as it applied to the maritimes. I went to Alberta and explained to its minister of finance that since I was moving into an area where that province does not pay any taxes, Alberta would not be part of this scheme. It was not a proposition that would apply equally across the land. For example, the maritimes treasuries would pay nothing. The provinces which manufacture goods and the others which can afford to do so would pay one-third of the cost. Alberta was not to be part of it. I remember they were not completely happy but they behaved in a responsible way before the budget and up to the budget, after everyone had agreed.

I would like to deal with a touchy problem concerning what was said by the western premiers after that. I believe I have to speak about it. The B.C. government decided to move the date of their budget in order to be able to produce exactly the same tax cut the same day as I. I presume they had discussions in their cabinet because no budget is proposed without approval of the cabinet. In Manitoba they did exactly the same thing. I had occasion to meet the premier of Manitoba. He was in Ottawa and I invited him to come and talk with me. We discussed this problem and other problems for almost two hours. It was useful for me and useful for him. After the fact, after it had been explained to them that their cabinets, except for Alberta, had approved it, I find it a bit incredible that they should say we forced them.

**Mr. Hnatyshyn:** Are you calling them liars?

**Mr. Chrétien:** No, I do not say they are liars. They said they agreed with the substance, but they did not like the procedures and so on that we were following. If they did not want to be a part of it, it would have been very easy for them to call me—

**An hon. Member:** What?

**Mr. Chrétien:** —any day before and say "We are not going to agree". I would have advised my colleagues that there were