

to \$100 per citizen, as in clause 38. In the case of the province of Quebec, I am reducing their income tax by \$85, so there is approximately \$15 that I am not paying to taxpayers in Quebec because Quebec qualified only partially under the program. As they have their own system of taxation and so on, I am paying \$40 million to the Quebec government. There is a distinction that way. The Quebec taxpayer is receiving \$15 less of a tax cut than the taxpayer in British Columbia.

Mr. Clarke: Mr. Chairman, the minister fails to explain how a reduction in a 1978 tax is the same or similar—

Mr. Chrétien: I am sorry, Mr. Chairman. Of course there is another difference. Rather than taking the list of taxpayers in 1978, I am taking the list of 1977 for the reasons I gave the House many times.

Mr. Clarke: Mr. Chairman, the minister said just now "another difference is"—so he then admits there is a difference between the treatment of taxpayers in British Columbia who are not getting any money in their hands and the taxpayers of Quebec who are getting \$84 cash in hand. I know from the debates in this House that the taxpayers of Quebec are not happy about that and the representatives of the taxpayers in Quebec are unhappy about it. In fact, by a unanimous motion of the Quebec National Assembly this was declared an improper move on the part of the federal government.

When I go to British Columbia my taxpayers want to know when they are going to get their refund, cash in hand, such as the minister is giving to the taxpayers of Quebec. Can the minister give me an answer to take back?

Mr. Chrétien: Mr. Chairman, the hon. member can take back a very good answer. I reduced the tax of taxpayers in British Columbia by \$100. The same day the British Columbia government increased the tax of the same taxpayers by \$100. As we collect the money for both, it is channelled directly to the coffers of the British Columbia government. We do not have a tax agreement with the province of Quebec, so we cannot operate in the same way. We have not collected, Quebec provincial tax since 1954; the provincial government collects that and sends its own assessment to the taxpayers.

The night I reduced income tax by \$100 in British Columbia the provincial government raised the provincial income tax of the same people by the same amount of money. By the end of the year when they file their tax return, they will have paid \$100 less to the federal government and \$100 more to the provincial government. We do not operate that way in Quebec because we have not collected their taxes since 1954. If British Columbia had been in the position of Quebec, collecting their own income tax, we would have sent \$100 right to British Columbia taxpayers and the minister in British Columbia would have been obliged to raise his taxes by \$100.

Mr. Clarke: I will try to explain that when I go back to British Columbia tonight, Mr. Chairman. I hope I will have as much success as the minister seems to indicate.

Let me refer to another difference. In the case of a taxpayer in British Columbia who is being given a sales tax reduction from 7 per cent to 5 per cent with the help of the federal

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government on all retail purchases, he will get real benefit from that for nine months regardless of which government it comes from. How does the treatment offered by the minister to the taxpayer in the province of Quebec equal that kind of treatment when I hear the minister saying over and over again that he will give an \$85 refund by cheque to the taxpayers of Quebec—to those people fortunate enough to pay at least \$85 in income tax? In other words, the poor individual in British Columbia who pays no tax, or less than \$85, will get some benefit because the sales tax on such basics as telephone service, electric lights, clothing, toothbrushes and practically everything has been reduced. The person in Quebec who does not pay income tax will not get any benefit from the measure the minister offers. How does he see that as equal treatment of taxpayers in different provinces?

Mr. Chrétien: Mr. Chairman, I made precisely the same offer to the Quebec government and they refused it, so taxpayers in Quebec who buy a car, say, do not benefit. They can blame their government as they turned the offer down. As over \$186 million was left I decided not to penalize Quebec citizens because there was no agreement with the federal government, and the provincial government did not want to comply with the national plan. Therefore, Quebecers who buy a toothbrush will pay more tax than people in British Columbia. I offered to reduce taxes by the same amount as British Columbia, but Mr. Parizeau refused. As it is a provincial tax it is up to the provincial government to decide. In the scheme of Mr. Parizeau in Quebec, the person who buys a fur coat for \$100,000 will have the benefit of an \$800 tax cut. The person who buys \$10,000 worth of imported furniture will get a tax benefit of \$800. Mr. Parizeau's scheme is worse than what I am doing for Quebec. I gave a maximum of \$85 to Quebecers. Mr. Parizeau can give them almost unlimited benefit if they buy the four items on which the sales has been cut.

Mr. Clarke: Mr. Chairman, I will try that one on, and see how it applies in British Columbia. May I ask the minister what the estimated cost amounts to of the total reductions that are being offered to all of the provinces?

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Mr. Chrétien: Mr. Chairman, in our calculations I cannot give you a precise amount, but the federal part is \$825 million. Perhaps later on I will be able to give you the exact amount. I can inform the hon. member that \$847.3 million was our estimated cost to the federal treasury. We predicted the cost to the provincial treasury would be the difference—we used to speak about \$1.1 billion, so it is less than \$300 million.

Mr. Clarke: Mr. Chairman, since there is an \$847 million cost, as the minister indicated, for this scheme, how was it that the minister took such objection to ideas put forward by this side to have some further income tax reductions to spread the goodies around among the taxpayers? Why was it so much more sinful to spend, say, \$1 billion on reducing income taxes, or spending \$1 billion on reducing sales taxes in a field which the minister really did not have the right to get into?