

Income Tax Act

An hon. Member: And you believe that?

Mr. Broadbent: A Liberal backbencher says he does not believe that or, at least, someone does not believe that. I ask him to check with the Minister of Finance who can get for him a study—which has not yet been published—by the Department of Finance which shows that Mr. Parizeau's proposal is right and that the federal proposal is wrong in terms of job creation.

I think I have answered the question I am about to raise rhetorically. If what the government of Quebec is doing is within its constitutional authority, and if it is saying that the provincial tax area in the sales tax field is exclusively the prerogative of the province and that therefore the province should have the right to decide whether it should apply to shoes—or cabbages, for that matter—the Quebec government is on faultless ground as a federalist. Its argument cannot be rejected. And if on a pragmatic basis the Quebec government reaches the practical conclusion that it can create more jobs in its own domain by removing taxes in the sectors it chooses, then I ask, in God's name, what really is wrong with accepting the idea of the Quebec government, and what really is wrong with being as flexible toward the government of the province of Quebec, the opposition in the province of Quebec, and the people of the province of Quebec, as the federal government has been toward every other Canadian?

Some hon. Members: Hear, hear!

• (1542)

Mr. Broadbent: Indeed, a case could be made by the province of Quebec for asking for the full compensation that Atlantic Canada got. That has not even been raised. Normally, in DREE projects, in financial assistance for the development of industry, and in a whole range of transfer payment programs, the province of Quebec received not only exactly what the provinces of Ontario and British Columbia have, but something more, for the obvious reasons that in the province of Quebec per capita incomes are lower, unemployment is higher, human advantages and possibilities at this point in our economic development are less than they are in the wealthy provinces, and normally Quebec is linked with Atlantic Canada. So the province of Quebec has not, as they might have had a legitimate case to do, applied for precisely the same special consideration that Atlantic Canada got. All they want is to get the same benefits as the people in British Columbia, the same flexibility as the people in Saskatchewan, the same rights as the people in Ontario, and we think they ought to have precisely that.

Some hon. Members: Hear, hear!

Mr. Broadbent: At this point I want to put on the record some statistical information, because the heart of the government's case against the province of Quebec is that the proposal they made was one that was aimed at creating jobs in the province of Quebec to their exclusive benefit. In my question to the Prime Minister earlier today I quoted statements he had

[Mr. Broadbent.]

made. On numerous occasions in the past two weeks the Minister of Finance has said the same thing. They have talked about balkanizing Canada, that that is what would have happened had they accepted the proposal made by the province of Quebec. The proposal made by Quebec was one that was going to create jobs for Quebecers only, to the exclusion of other Canadians, they said. Well, the best that one can say about that argument is that it is rubbish. The Minister of Finance and the Prime Minister should know that it is rubbish.

I want to put on the record some statistics drawn from 1975 about the impact that the Quebec proposal would have had in terms of stimulating different parts of this country. The source for these figures is Statistics Canada and the industry itself. The reality is that if you look at the shoe sector in the province of Quebec you find that in Quebec in 1975 some 54 per cent of the provincial market was serviced by foreign imports, that is, imports not from other provinces but from other countries. Of the remaining percentage, 22 per cent was produced by Quebec producers, but 23 per cent was produced in Ontario. In short, more jobs would be created in the shoe industry in Ontario than in the shoe industry in Quebec.

Second, if you look at furniture and other sectors selected by the Quebec government, what do you find? First of all, of the Quebec consumption in 1975 in the furniture sector, 12 per cent came from foreign sources outside of Canada, but of the remaining part of the market, 30 per cent was produced in Quebec and 44 per cent was produced you know where, in the province of Ontario. So once again the Parizeau proposal will produce more jobs in Ontario than in Quebec. Some balkanization!

The third sector—and we could not get, for statistical purposes, a separation of clothing from textiles because our figures both from Stats Canada and from the industry were combined—shows the following figures for 1975: 65 per cent of the Quebec market was serviced by foreign imports; 24 per cent by producers in the province of Quebec; and for the first time in this series only, 14 per cent by the province of Ontario. For the first time, more producers in Quebec would have been aided by the special tax cut than producers in Ontario.

The point I want to make is that the federal government's entire case in substance has to rest on the claim that what the province of Quebec was doing was to meet their own needs, to create jobs for Quebecers only, and that this was going to balkanize Canada. First of all, we say that the province, whether it is Quebec or any other province in this country, should have the right to make that decision as to where to apply the sales tax.

Some hon. Members: Hear, hear!

Mr. Broadbent: Second, we say that hard economic analysis of the consequence of the Quebec government's proposal shows that it does not offer a disproportionate advantage to the province of Quebec but is spread to other provinces, particularly to the province of Ontario. I say, with all due modesty, that the Prime Minister would recognize inherently that the gov-