

*Income Tax Act*

nesses. It has put a new provision in this bill which in effect will restrict the number of people small businesses can turn to if they need venture capital to shore up their equity positions. This again is very unfortunate.

Basically what I am saying is that since this minister has taken office he has failed to recognize the worth-while function this House can perform in trying to adjust whatever budgetary provisions the minister suggests. The essence of a working parliament is that the government proposes and the House generally disposes of whatever legislation the government sees fit. However, we seem to be at the point where this minister, presumably backed up by his Prime Minister (Mr. Trudeau), now takes the view that when the government proposes, that is it, we accept, and that there should be little discussion from that point on. In fact, the government seems to be completely intolerant regarding any questioning such as is usual in committee of the whole proceedings. That is not the way to make parliament work. Not only is that the attitude of the government within parliament but, unfortunately, we find that it is also spilling out in its general approach to federal-provincial relations.

The government is now taking the attitude that cooperation means briefly telling the provinces what it proposes, and expecting the provinces to agree quickly. However, in the event that one or more of the provinces say no, there is an attempt to blackmail them into a position which the federal government feels is in accordance with its wish. We cannot have more unity or happier relations between the various parts of this country if that attitude prevails in the government of the day in Ottawa. That was the fundamental question we dealt with regarding clause 30 and, unfortunately, we were not able to deal with it at clause 59 of this bill because, of course, we did not reach clause 59.

The fundamental question is whether the government was fair in introducing a provision on April 10 affecting provincial sales taxes in nine of our provinces knowing, as the government did, that there was no agreement forthcoming from one of the nine provinces which would be affected. In this connection the minister has claimed that somehow he thought he was close to an agreement, that he thought there was some kind of understanding with the minister of finance of Quebec, and that that minister flip-flopped and changed his mind. I challenge that.

I do not think that the minister of finance of Quebec at any time gave the federal Minister of Finance (Mr. Chrétien) an assurance which would be sufficient for him to go ahead and bring in the budget in the form it was brought in on April 10. In support of that I refer hon. members to an article written by W. A. Wilson, a well known columnist in the Montreal area. The article is entitled "Endless Chrétien-Parizeau Dispute, A High Tax On Canadian Patience". In the body of the article Mr. Wilson states the following:

There is no doubt that Mr. Chrétien's budget has produced an unholy political mess, with Quebec's federalist parties lined up with the Pêquistes against him. The underlying politics with which the issue was approached in the first place remain mystifying.

[Mr. Stevens.]

One of Mr. Chrétien's aides asked to see this correspondent a short time ago and subsequently argued that a couple of articles I had written were too harsh and somewhat unfair. But, placing no restrictions whatever on the use I could make of the information, he told me of two aspects of the affair which I had not known and which seem to me to be significant.

Mr. Wilson then set out the two aspects of the affair which a personal aide to the Minister of Finance related to him. This is what Mr. Wilson relates:

—About a week before the Chrétien budget was delivered, Mr. Parizeau told the federal minister by telephone that he was having difficulty with the proposal with his Quebec cabinet colleagues and did not know whether he could go along with it;

According to the minister's aide, Mr. Parizeau was telling the Minister of Finance that he was having difficulty with cabinet ministers in Quebec regarding the federal minister's proposal.

—Subsequently more than one provincial treasurer got in touch with Mr. Chrétien to alert him to the fact that Mr. Parizeau had approached them seeking to persuade other provinces to reject the federal sales tax proposal.

That was the second aspect. Mr. Wilson then went on to state the following:

It seems to me from this that the federal cabinet knew very well, before the Chrétien budget was presented, that serious trouble with Quebec lay ahead. Nonetheless, they proceeded and the row blew up to major proportions. It can be presented as a federalist-separatist fight, as Mr. Trudeau has done, but it is clear that if every party in the Ontario legislature were to combine in opposition to a major federal finance proposal the matter would be seen everywhere as serious.

Nor can the dispute be doing the country any good economically. There is very widespread agreement that part of our difficulty these days is the weakness of confidence at almost every level—industrial, commercial and consumer. The economy has been for at least the last three quarters in a recovery phase but it is a slow, uncertain recovery, which the budget was intended to stimulate.

I have read that into the record because I know that often in the heat of partisan debate in this House hon. members feel that when allegations are made they are made without the proper substantiation one would normally expect. However, in this case there can be no doubt. The fact is that the government went ahead with the proposal contained in clause 30, knowing that there would likely be opposition in the province of Quebec. That was just foolhardy. It was foolhardy when there was talk of separation and when national unity was of concern to many people. To go ahead and persist in pushing this type of thing, knowing that there was hostility not just from the government in Quebec but also from every party in the national assembly in the province of Quebec, was just foolhardy and irresponsible.

Let there be no doubt that we on this side of the House are as opposed to separatism as anybody else in this House. We hope that separation will never come about, but the government in Quebec is the government of the day in that province, and the federal government should not be exciting confrontation. It should not be giving the Quebec government an issue which allows it the opportunity to take a provincial versus federal stand, such as the one it has been able to take.

• (1632)

Let me go further to show how foolhardy the government has been in its approach. Having been turned down, as it knew it would be turned down, by Mr. Parizeau, it then hit upon a