

Income Tax Act

He was prepared to go along with the same proposition he made to the ministers of finance of the maritime provinces.

The minister of finance of the province of Quebec, Mr. Parizeau, insisted that the full value of the budget offer be provided toward the cost of the selective cut which he had chosen to make in Quebec. I suggest that, as it stands right now, that is exactly what is being done. By vacating an amount of \$85 per taxpayer in the federal field the federal minister makes it possible for Quebec to occupy the field in the same amount—or a varying amount, if it so wishes—so that it can be compensated fully for the provincial sales tax cuts instituted. No one in the province of Quebec would suffer.

There is one point upon which I want to dwell. Many speakers have spoken about the so-called unfairness of the deduction of federal tax from the incomes of those who pay taxes. It has been said that this is not fair to the poor who do not pay taxes, or to old people. With all the logic I could muster I have tried to understand this point, but one thing I do understand is that a sales tax cut is applicable to all those who make purchases. Poor people make smaller purchases than rich people do, so by its very nature a sales tax cut aids those who have money much more than it aids those who do not. What this has to do with the transfer of tax field from the federal level to the provincial level I do not understand.

We are saying that in eight of the provinces where the scheme is applicable we are taking \$100 out of one pocket and putting \$100 into the other pocket. In those eight provinces where the federal government collects provincial taxes, the individual who pays taxes is not even aware that there has been a transaction.

The province of Quebec is the only province which has decided to collect its own provincial taxes. That is its right, but that costs the people of Quebec many millions of dollars. I am told the cost is \$120 million. That is what the people of Quebec are paying so that the Quebec provincial government can exercise its right. However, because the Quebec government chooses to exercise that right, there is no simple solution for Quebec by which the federal government can, as it is doing in the other eight provinces, take \$100 out of one pocket and put \$100 into another pocket. The money must first be given to the taxpayer. In the case of Quebec the amount is \$85 for the simple reason that the federal government has already agreed to reimburse two percentage points of the eight percentage points that have been eliminated from the sales tax on shoes, furniture, and clothing.

So we give the taxpayer \$85, and we say to the Quebec minister of finance, "You have chosen to tax your people yourself. Now you can make a choice. You can choose to tax them the same \$85". The Quebec government can choose to tax the people of Quebec on some sliding scale in order to bring in the same amount, or it can choose not to tax them, if it wishes. However, it is the Quebec government's field, and it is Quebec's decision.

There has been so much misunderstanding that I want to refer briefly—as did the hon. member for Bellechasse (Mr.

Lambert)—to an editorial which appeared in *Le Devoir* on Tuesday of last week.

● (1652)

It has been called the confrontation between the two ministers of finance, and I suppose that one cannot deny that it is an emotional confrontation. I do not know why we should be surprised.

In one case we have the federal Minister of Finance who believes in a Canada with ten provinces joined together willingly, and in the other case we have the Quebec minister of finance whose avowed intention is to destroy the country as we know it today, and whose avowed intention is to separate. So it should be no surprise to anyone that, no matter what the Canadian Minister of Finance proposes, it is going to be rejected by the Quebec minister of finance. He has no reason for reaching an agreement, and I might suggest that if anybody has sat for weeks and weeks on end across the table at a bargaining session between employer and union one would know right away whether one is going to reach an agreement or whether one is entering into an exercise in futility where the intention is not to reach an agreement.

I suggest that under the present circumstances the objective of the Quebec minister of finance is not to reach an agreement, and there is no way in which he is going to reach an agreement because, if he did, he would be illustrating that federalism works, which he has no intention of doing.

Some hon. Members: Hear, hear!

Mr. Herbert: The article in *Le Devoir* to which I referred mentions the intervention of the Canadian Minister of Finance in a provincial jurisdiction. That is admitted. I suggest that the day that a federal minister of finance is not able to sit down with his provincial counterparts to try to reach an agreement, we might as well call it quits, give up on Canada, and start carving it up right away. He did just that, and I suggest that three weeks is a long enough time for anyone to say, "I do not like what you are doing. I am not going to accept what you are doing. Go away and don't talk to me."

It should be remembered—and I think the point has to be raised—that this federal Liberal government was dealing with ten provinces of which only two have Liberal governments. So the federal Minister of Finance had to deal with Conservative, right-wing ministers of finance, and also with socialist, left-wing ministers of finance. But these gentlemen—and I call them gentlemen advisedly—were willing to sit down, and whilst they might not have been very happy, whilst they might not have liked the deal that was being suggested, they were willing to discuss it and come to an agreement. I suggest that despite the proposal afterwards of four ministers from the west, even those four provinces, Alberta included, were willing to come to an agreement.

To suggest that the Canadian Minister of Finance, after having presented his budget and after seeing the action of the Quebec minister of finance, should play into the Parizeau track and hand over to the Quebec government the balance of