

*Income Tax Act*

I have to come to the same conclusion which I reached a few moments ago, even though that conclusion resulted in government members becoming excited. I am suspicious that the government was attempting to set up a high school confrontation between French and English Canada. Such a confrontation makes it difficult to keep Canada together. Hon. members opposite know my sympathies for keeping this country together. I feel very strongly about that. I do not think that can be accomplished by allowing a constant confrontation.

If the minister is willing to come in with a budget proposal without the agreement of one province beforehand, that in itself is dangerous. If that province is a province which has a government advocating independence, it is even more dangerous. The minister is aware of that. I suspect one reason for him not withdrawing the proviso in his budget was that he wanted a confrontation and fight on this issue. That is very, very unfortunate, as well as being very damaging to the future of Canada.

[Translation]

**Mr. Lachance:** On a point of order, Mr. Speaker.

**The Chairman:** Order. The hon. member for Lafontaine-Rosemont on a point of order.

**Mr. Lachance:** I do not want to start a debate on this matter, Mr. Chairman, but I think that a while ago the hon. member unwillingly no doubt, I repeat unwillingly, said things which are not consistent with the facts. I simply want, for the record—

[English]

**Mr. Nystrom:** That is not a point of order.

**Mr. Lachance:** Of course it is. This member has misled the House. I must put the record straight. He indicated that sales tax is under provincial jurisdiction. If the hon. member reads sections 92(2) of the constitution, he will see that the federal parliament has the power to impose taxation on any subject whatsoever. Thus, it is a mixed jurisdiction.

**The Chairman:** I am aware that the hon. member for Nanaimo-Cowichan-The Islands is seeking the floor, but I am sure I can deal with this point of order without his assistance. Surely this is an argument and an expression of opinion. The hon. member for Lafontaine-Rosemont can contradict the argument of the hon. member for Yorkton-Melville when he seeks the floor in due time, unless he wants to prevent a grave misrepresentation or wants to correct a wrong quotation, which can be done under the guise of a point of order. When there is a difference of interpretation in respect of the bill, the avenue which is open to the hon. member is to seek the floor and make his point at that time.

● (1652)

**Mr. Nystrom:** Mr. Chairman, I hope the hon. member for Lafontaine-Rosemont will give the committee the pleasure of getting up and explaining his point of view of how the retail

[Mr. Nystrom.]

sales tax area can be shared by the federal and provincial governments. It seems to me that if he pushes that line he will really have a fight with the provinces, not just the province of Quebec but with every single one in this country.

There is a federal sales tax, but it is indirect and at the level of manufacturers and wholesalers. It is not a direct and overt sales tax as we have on retail goods imposed by the provinces. This is an area totally within provincial authority by practice in this country, and has been for as long as I can remember.

**An hon. Member:** But only by practice.

**Mr. Nystrom:** I am saying that it is by practice. Maybe some of the brilliant constitutional lawyers in this place, like the hon. member for Crowfoot and some of the others from that side of the House, will devise a plan to provide the Minister of Finance with a means of levying a retail sales tax in addition to the present sales tax by the provinces. Perhaps that is a question the minister should answer. Is this in the back of his mind? Was the hon. member for Lafontaine-Rosemont speaking of government policy, and was he giving us a signal of what is to come in the future, namely, that the federal government is considering getting into the retail sales tax area? I hope the minister will answer that question in a minute or two because this is damned important. I know the minister of finance for Saskatchewan would want me to ask that of the federal minister since we have now had one of the backbenchers and a minister of the Crown suggesting that the federal government could get into the retail sales tax field. Is the Minister of Finance considering this?

**The Chairman:** Shall clause 1 carry?

**Some hon. Members:** No.

**Mr. Nystrom:** Perhaps the minister would answer my question. Is the federal government giving consideration now, as has been indicated by one of his own backbenchers and one of his colleagues in the cabinet, namely, the hon. member for Crowfoot, to getting into the retail sales tax business in competition with the provinces? One of the members of the hon. minister's party has said that the federal government does have some authority in this regard and could get into the retail sales tax business. The Minister of Industry, Trade and Commerce said, if I understood him correctly, that according to the constitution the federal government could do this, and that it is only as a matter of practice that it has not done so to this point. Is the federal government now considering levying a retail sales tax in Canada in direct competition with the provinces?

**Mr. Chrétien:** No. I think the hon. member was just trying to be smart in that regard. Just this afternoon at 3:30, with unanimous consent, we made a reference of the problem to members of the committee, that is, what we should do with the federal tax that exists at the manufacturing level. This is a matter that will be contemplated by members of the committee and people across the land.