

*Income Tax Act*

Minister of Finance jumped off the diving board with his proposal on April 10 he had no right to think that Quebec was going to accept it, and the péquiste minister of finance said quite plainly they were not going to accept it. Do not let us hear any more of this nonsense we have heard here about how Quebec fooled them and did not indicate any opposition to this suggestion.

We have a federal system yet the Prime Minister goes on with nonsense about balkanizing the country. If Quebec is allowed to lower its own direct sales tax the way it likes, it is going to balkanize the country. It is going to stop the free flow of goods. Don't they realize we have a federal system and that the very fact that provinces have sales taxes means they can interfere with the flow of goods? In Newfoundland we have no retail sales tax on food, clothing or footwear. In other provinces they are taxing the people with a retail sales tax. We have an 11 per cent tax but in Newfoundland we do not tax clothing, footwear and food. Other provinces do. Other provinces have their own purchasing policies.

In Quebec they will only enter into contracts with firms headquartered in Quebec. We have all kinds of situations that interfere with the free flow of goods—whatever phraseology you want to use. Quebec is not balkanizing the country if Quebec has a sales tax and decides to exempt certain things and not exempt certain other things. It is exercising the same prerogative as Newfoundland, P.E.I., New Brunswick and others, and they have done it every year, as the federal government has done in respect of tariffs and federal sales tax. There is no balkanization involved.

If Quebec is permitted to go ahead and do what it is doing and still receive federal financial assistance, no other province can complain because it did not get the same deal. They did not stick out for the same deal. They gave in, they surrendered, they collapsed. They did not have the backbone to stand up on their hind feet because most of them were not in the financial position to do so. They did not do that, but Quebec did. Some of them tried but they did not hold out to the bitter end. Quebec did because it is more important to them to preserve their own rights in their own province than other considerations. There was no agreement so the government cannot complain that Quebec has not gone along with them. They knew there was no acceptance by them at all.

● (2142)

Now, if we look at May 17 *Hansard* again, the Prime Minister is again mixed up. Some may say it is only semantics. At page 5507 the Prime Minister said:

—The Minister of Finance reached an agreement with nine of the provinces and the provinces agreed to this after three weeks of talks.

They did not agree, Mr. Speaker. There was not an agreement with nine of the provinces. There wasn't any such agreement. Nine provinces have acquiesced, not agreed. There was no agreement from the province of Newfoundland. The province of Newfoundland never consented to this. An agreement is where two parties agree freely and voluntarily to enter into an arrangement with one another. Newfoundland, for

[Mr. Crosbie.]

example, never did that. They accepted the gratuity handed to them by the Government of Canada when they made some suggestions as to how it should be done; otherwise they were ignored.

I do not believe there was a genuine agreement with any of the provinces except Ontario. It was Darcy McKeough's brain-wave in the first place and naturally Ontario agreed, but not the other provinces. The Prime Minister is mixed up. He said:

So I would be very surprised if because the province of Quebec, having failed to state its position before the budget, is now coming out with a scheme which tends to balkanize the Canadian market, the other provinces would want to go in the direction of that balkanization.

Well, I do not care whether they do or do not. I see nothing wrong if the province of Ontario had reduced all tax on automobiles, if that was their choice and another province reduced all tax on something entirely different. As long as the consumer was getting the break and the economy was being stimulated, what difference does it make? The only difference is that this is an arrogant, inflexible government that wants to make the provinces bow to their will.

The greatest sin, Mr. Speaker, that the Prime Minister has committed in this connection was on April 14. You would expect the Prime Minister of this country not to be a cheap politician, or at least not to show that he is a cheap politician as easily as some other people might be. When I questioned him on April 14, Mr. Speaker, in the House of Commons in the question period, asking him why Quebec was not permitted to do what they wished to do, the Prime Minister said at page 4507 of *Hansard*:

I find the opposition supporting a separatist government in Quebec—

And on the same page, Mr. Speaker:

I was dealing with the support given by the Tory party to the scheme put forward by the separatist party of Quebec.

That is an attempt to paint anyone who disagreed with the Prime Minister and his policies as separatists, Mr. Speaker. But now he is painted into a corner because Claude Ryan and the Liberal members of the legislative assembly in Quebec, the Union Nationale members, the Social Credit members and all members of the Quebec national assembly are now, by that definition, painted as separatists.

Agreement does not mean, Mr. Speaker, accepting or acquiescing in ultimatums. That is why there were no agreements. On May 16 the Minister of Finance at page 5451 of *Hansard* said:

I am surprised that a national party wants to save the neck of the Parti Québécois.

That was the Minister of Finance's response to questions by our spokesman on federal-provincial relations, the hon. lady for Kingston and the Islands (Miss MacDonald), "that a national party wants to save the neck of the Parti Québécois." It is the federal government that is saving their neck. It is the federal government that has by its stupidity, by its arrogance, by its inflexibility, given this neck tremendous additional strength.