

Income Tax Act

at the end of half an hour or 35 minutes we had finished our serious business; he was a very generous host and we took a more relaxed attitude for the rest of the time until I took my plane. I talked to Mr. Craik many times. He had some problems. He sent his bureaucrats to Ottawa, like the others, to discuss them for a full day.

There was a different situation in Manitoba. A week before the budget while I was talking on the phone with him he informed me that Premier Lyon was in town. In fact, he had come for the swearing in ceremony of the former premier, Mr. Duff Roblin, to the Senate that day. I suggested I should meet him and he said it was a good idea. He called his own first minister who then came to see me in the afternoon. He told me he had 20 minutes available. In fact, he stayed one hour and 45 minutes with me. We discussed this subject and many others in relation to fiscal and monetary topics which concern not the federal government alone but the provincial governments, too. So in the case of Manitoba I talked not only to the minister of finance but spent over an hour with Premier Lyon. I think it was a very good exchange. We did not agree on everything, of course, but it was a most pleasant occasion.

Some hon. Members: Get to Ontario.

Mr. Hnatyshyn: The minister has got the idea. Perhaps he will carry on and let us know what happened in the case of the other provinces. I want to find out what happened in the case of each of the provinces.

Mr. Chrétien: I will carry on from west to east, because if I move around too much the hon. member will get confused. I will move to Ontario.

In the case of Ontario, at the first meeting with my colleagues as Minister of Finance in October I made this suggestion and discussed it privately with a number of people. Since I thought it was a good idea—it had been proposed by my bureaucrats—I discussed it with the Ontario minister of finance, Mr. McKeough. Does the hon. member know him? In fact, I asked him to submit the proposal to his colleagues himself. I knew he was interested in it and I did not want to be the one to make the suggestion—hon. members know that the provinces are always nervous when something is proposed by the federal government. Even though it was my idea I thought this was a good solution; I do not know whether he suggested it to me or I to him. I said to him: "You propose it to the other ministers so that no one will say it was a put-on by the federal government". We discussed the proposition many times after that during January, and Mr. McKeough was one of the first I called three weeks before the budget. The first I called was Parizeau, the second was McKeough. There was a meeting between Mr. McKeough, Mr. Parizeau and myself in Montreal on a certain date—it was in room 435, I guess, of the Bonaventure Hotel.

Some hon. Members: Hear, hear!

Mr. Chrétien: I will not go into the details of that meeting but we discussed for four hours not only the sales tax but a

[Mr. Chrétien.]

whole range of fiscal and monetary policy matters, the value of the Canadian dollar, all the preoccupations we had in mind as ministers of finance. They both said they were pleased that, for the first time in history, a federal minister of finance had sat down with provincial finance ministers to discuss his own budget.

Some hon. Members: Hear, hear!

Mr. Chrétien: Following that discussion I was in communication with Mr. McKeough on at least a dozen occasions because he was receiving telephone calls from other ministers of finance and he was keeping me informed of some of the problems involved, trying to work in collaboration with all the ministers of finance.

Some hon. Members: Hear, hear!

Mr. Chrétien: I have to pay credit to all the ministers of finance. They have acted in good faith and shown great form as gentlemen. Unfortunately, Quebec did not deliver a yes or no as had been agreed upon. But I want to make it clear I talked with Mr. McKeough at least a dozen times before budget night.

I turn now to Quebec.

[*Translation*]

In the case of the province of Quebec, as I said earlier, Mr. Jacques Parizeau, the Quebec minister of finance, was the first person I called when I decided to present a budget and to make my proposal concerning the sales tax cut. Then I called Mr. McKeough and we discussed it together. He was interested in that matter. He had problems, and then we met with Mr. McKeough. Some members do not seem interested because I am speaking in French. And then, we discussed several times by phone. I know he talked about it with other ministers, and he sent his officials to Ottawa like the others, on the Monday before the budget and we agreed that we were going to discuss it again and we did it during that week. I remember discussing with him on the Friday before the budget. The budget presentation was Monday night. I talked to him that Monday. Contrary to my expectations, that Monday Mr. Parizeau was to answer me yes or no like all other ministers of finance, but forty-eight hours only after the signing by all other ministers of finance of an agreement with the federal government on the sales tax cuts, Mr. Parizeau announced his unilateral cuts without any consultation with me or any other minister of finance. This is the way it happened. And if at least we had been aware of Mr. Parizeau's intentions during the negotiations, I might have been the—

The Chairman: Order, please. I regret to interrupt the hon. minister.

[*English*]

Some hon. Members: Six o'clock!