

*Income Tax Act*

representations this week to that agency in the hope that it will approve the sale and transfer of those shares. When the former minister of mines and resources in Manitoba, the honourable Sid Green, heard about Hudson Bay Mining and Smelting purchasing this mine, becoming involved in its operations, and creating new jobs, he said that the minute the NDP came back into power in Manitoba it would be nationalized.

We have the example of the potash industry in Saskatchewan and the flight of capital which resulted there. Frankly, we are deeply concerned that outbursts such as that should not affect us adversely, that the mine will operate once again, and that employment will be forthcoming. The Cesium operation needs much more than research and development.

The focal point of the budget is the federal government's proposal for reducing provincial sales tax and reimbursing the provinces for their lost revenues during that period of time. As every hon. member knows, generally the proposal was a 2 per cent reduction, to be reimbursed by the federal government, contingent upon the proviso that the provinces would reduce their sales tax by an additional 1 per cent for six months. This was modified in Saskatchewan and British Columbia to a 2 per cent over-all sales tax reduction which extended over a period of nine months rather than six months.

An interesting thing developed with this plan. Manitoba proposed to reduce its sales tax by 2 per cent. Then it would take an additional 1 per cent, which would amount to between \$20 million and \$21 million, and use that amount of revenue for the creation of direct jobs. That province has been greatly concerned, as a change of administration took place, about getting the productive capacity of Manitoba moving once again, bringing about the encouragement of industry and permanent job creation. As everyone knows, that 1 per cent was totally provincial revenue. It was a provincial contribution. There was to be no reimbursement from the federal government.

Last week the hon. member for Kingston and the Islands (Miss MacDonald) and myself directed questions to the Minister of Finance. We found out that the Minister of Finance accepted a number of counter proposals from various provinces, and at least asked the other partners in Confederation whether these counter proposals would be acceptable. What did he do with Manitoba? He rejected it out of hand. This program was totally provincially funded. It was a program for job creation. Every person, regardless of political stripe, would admit that program was totally within provincial jurisdiction. He rejected it out of hand. He did not even have the decency to ask the other partners in Confederation whether that program would be acceptable.

Obviously the first difficulty is the encroachment on provincial jurisdiction. The hon. member for Kingston and the Islands brought this point out clearly in the House. I do not believe it is necessary for me to repeat it, even though with this government perhaps I should change that view. The encroachment on provincial jurisdiction is another step toward dismantling Confederation as we know it. It was a blackmail of the provinces, especially the province of Manitoba which has only

[Mr. Epp.]

one million people. Manitoba is attempting to regenerate growth and investment confidence. This was a serious blow. If Manitoba, for example, did not accept the proposal, the taxpayers of that province would have been put in a position where they would have been paying federal taxes to reimburse other provinces for the proposal. I have referred to the taxpayers of Manitoba. I do not make a distinction between federal and provincial taxpayers because they are the same persons.

The Minister of Finance knew he had the provincial governments over the proverbial barrel. The proposal did not treat the provinces equally. I have already said that he rejected the Manitoba proposal out of hand. The Alberta case has been well documented, and I do not have to speak for the Alberta members here. They have done an excellent job of representing the wishes of their province, even though I must admit, after hearing the Minister of Industry, Trade and Commerce (Mr. Horner) last week, I am not so sure any more.

● (1522)

Alberta went along with the proposal as long as it was a provincial sales tax rebate proposal. In the negotiations between the federal government and the government of Quebec this became a federal income tax rebate proposal. What is the difference between an Albertan and a Quebecer who are earning the same amount of money, have the same expenses, and the same needs to provide for and educate their families? Why should the Alberta family not get the same benefits? I do not see any reason why the Alberta family with the same income and needs should not be equally entitled to the rebate which the Quebec family will receive.

The Minister of Industry, Trade and Commerce attempted to defend the proposal in the House last week. He mentioned, for example, that other provinces had much higher tax rates than does the province of Alberta. In fact he pointed out that Alberta's provincial income tax rate was only 38 per cent of the federal rate, which is less than in other provinces. The only conclusion I can draw from his speech, and Albertans will, I am sure, correct me if I am wrong, is that Albertans can in fact afford to pay more. He was putting forward the proposition that they were not paying their equal share.

I understand, after speaking with Albertans, that there is a former member of this House who went to his reward in the other place. For a while he was the minister of agriculture for the Trudeau administration. He said to Albertans, before he crossed the floor, that he was going to Ottawa to present Alberta problems to the federal government. Before long he was not presenting Alberta problems to the federal government, but rather he was going back to Alberta telling Albertans how good the federal government was for them. Being the shrewd people they are, Albertans did not buy that and did not elect any Liberals. This gentleman, of whom I speak, received his reward in that other place.

What is needed in the budget is a return to an equitable position for all Canadians. Just to illustrate the inequity which has in fact taken place on an individual basis, the budget presented on April 10 would allow someone who was resident