

Oral Questions

DIFFERENCE IN METHOD OF COMPENSATION FOR SALES TAX CUTS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. Several times today the Prime Minister said that this proposal applies in exactly the same manner in every province. What we have here is a proposal that Quebecers will receive a cheque from the federal government, while citizens of the other provinces will not receive a cheque from the federal government. How is that the same?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it can be explained very, very simply.

Some hon. Members: Oh, oh!

Mr. Trudeau: In the case of people who pay income tax in the province of Quebec, they send cheques to the federal government. Thus, when we want to rebate that income tax we send cheques back. In the case of the other provinces, they have tax collection agreements with us. I think perhaps 90 per cent of Canadians do not understand that. We have tax collection agreements with the other provinces. When a citizen of Ontario or British Columbia files his income tax return, he files it on the same form as that of the federal government. He does not send a cheque to the Ontario government and one to Ottawa; he sends the whole amount to Ottawa and we give the part which belongs to Ontario back to Ontario.

That is the very simple explanation. In the case of nine provinces, they have collection agreements with us. We collect the whole amount for them. Therefore, we give that amount to the provincial treasuries. In the case of Quebec, since 1954 they have insisted on collecting their own taxes. Therefore, when a citizen of the province of Quebec sends a cheque to pay his tax, he sends another cheque to the province of Quebec. If we want to rebate our taxes, we send part of that cheque back.

Some hon. Members: Oh, oh!

Mr. Trudeau: I know that is very difficult for members of the opposition to understand.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, my supplementary question is directed to the Prime Minister. It is pretty clear that the purpose of all these contortions by the Prime Minister is to hide the fact that the first proposition by the Minister of Finance was confined to sales tax. This new proposition which he is making to the province of Quebec and Quebec does not want is not confined to sales tax. So he has changed the nature of the proposal.

Some hon. Members: Hear, hear!

● (1502)

Mr. Clark: The Prime Minister has indicated to this House, in answer to my colleague the hon. member for Joliette, that he is prepared to discuss and negotiate this matter with the

[Mr. Chrétien.]

province of Quebec. Will he tell us now whether he is also prepared to discuss this matter with the other provinces of confederation, since it is clear that the arrangement on which the Minister of Finance proceeded without agreement when he brought in the budget is not working and the Government of Canada is now introducing and extending to Quebec an arrangement that Quebec does not want and which is different from the arrangement that is available to the other provinces?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, sometimes I despair of having all members on the other side understand the proposition. But I do not despair of the people in the country understanding it.

Some hon. Members: Oh, oh!

Mr. Trudeau: I do not even despair of the Leader of the NDP understanding it; I think he is beginning to understand it, too. When we make tax room in the direction of income taxes, we give place to the provinces so they can tax, in a sense, painlessly because we are giving them some of our tax room and they are just occupying it. What we have offered Quebec and what we have offered other provinces, what we are doing in Quebec and what we are doing in other provinces, is the same thing: we are giving them tax room. The Leader of the Opposition can shake his head, but I would just ask him to think a little bit and to try to understand. He will finally understand it if he tries hard enough.

Mr. Clark: Mr. Speaker, we have thought a great deal about this and we have watched the contortions of the Prime Minister as he tries to bail out his Minister of Finance. It is very, very clear that the Government of Canada has changed the proposal. It is making a proposal to the province of Quebec that it did not make to the rest of the country. The Prime Minister has undertaken to negotiate now with the province of Quebec. Will he also undertake to negotiate with the other provinces?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, perhaps I could make it clear by saying this: exactly what we are offering the province of Quebec—and he says it is a special deal and we do not even have to negotiate again—we are offering at this time to the other provinces. I make this statement right now, Mr. Speaker. The Leader of the Opposition believes we are offering a special deal to Quebec. The only special deal is that we have not been collecting taxes for them since 1954. If the other provinces want to go out and collect these taxes in this tax room we have made, as Quebec will have to do, then they are welcome to do this too.

What we are offering to Quebec the other provinces can have, if they want. I doubt whether they will want to collect these taxes, Mr. Speaker; but if the Leader of the Opposition insists on that, that is fine. He says they have thought a great deal about this. Obviously they have, Mr. Speaker, but they have not arrived at the same conclusion, because yesterday the