

problems, poor provinces and rich provinces. We all understand that to be the case, but we do have a provincial equalization agreement in this country. This is an entirely different matter. The significant thing is that we now have a situation in which, rather than having nine provinces accepting the approach the government outlined, we have only eight. The ninth province, being Quebec, said it did not like the terms laid down by the federal government and wanted the flexibility of reducing provincial sales tax in the form it had in mind.

Frankly, that has been a wise move. First of all, the sales tax was to be reduced by 100 per cent on certain specific items, and the specific items referred to are those that are sluggish in the province of Quebec. That is a smart move. It is a smart move to reduce the tax by 100 per cent rather than a few percentage points. The people understand a 100 per cent reduction much more than they would understand a reduction of from 6 per cent to 3 per cent, or whatever the case may be. Zeroing in on particularly sluggish industries was a good idea, and making this a program for a year was also a good idea. Clearly a one-year time frame did not suit this government, which was anticipating a spring or, certainly, an early fall election.

We are now faced with this problem of what to do when the minister brings in a budget without having an agreement with all the provinces, and subsequently finds he cannot make a satisfactory agreement so brings in Bill C-56, which really by-passes the government of the province of Quebec. It in effect puts into place an \$85 payment for any resident of Quebec who lived there on December 31, 1977, providing he pays taxes. What an absolute affront to any provincial government. This in effect is saying that if the province does not join with the bilateral agreement this government will unilaterally go ahead and the province is on its own. If it wishes to increase its taxes, that is its business, but this government is going to make this credit available to its residents whether or not the province likes it.

It is most unfortunate in the context of how this deal has been put together that the government has been so insensitive. Realizing it made a mistake on budget night, surely the government should have hesitated before bringing in Bill C-56 until it had negotiated a more satisfactory arrangement with the province of Quebec.

If this government is now willing to listen to proposals from Quebec, why was it not willing to listen to those proposals before bringing in Bill C-56? Why are we faced with a piece of legislation that is so obviously not to the liking of not only the government of Quebec but of all members of the National Assembly of that province? This is why we feel we must oppose this bill at second reading. How can any member of this House support in principle legislation such as Bill C-56, when he knows it will be so divisive in the country if it ever becomes the law of the land?

If it becomes the law of the land will not the residents of Alberta be taking the right position in saying they should be included? If the government is shifting from an essentially

### *Income Tax Act*

sales tax related type of revenue sharing scheme to an income tax credit arrangement for at least one province, why should the province of Alberta not also be included? Certainly if I were a resident of Alberta I would find most objectionable the fact that, by being a resident of that province, I am deemed to have more wealth than those in other areas of the country and should receive absolutely no benefit. If I were a resident of Quebec I would be getting an income tax credit, or at least if I lived in that province as of December 31, 1977 and paid income tax. Surely the government has created another problem here, setting a precedent by what it has done for Quebec. It will be very difficult for this government to deny the residents of Alberta the same accommodation.

What this means is that more revenue will have to be found to be given back to the citizens of Alberta in order to allow them some equity in relation to what has taken place in Quebec. A colleague of mine suggests they do not care about Alberta. Certainly if one were to read Bill C-56 one would see that not only do they not care about Alberta, they are indifferent to that province.

**An hon. Member:** Read the bill.

**Mr. Stevens:** Some of those seals in the back rows on the Liberal side suggest we should read the bill. Clearly they have not read it or they would not be making such a comment.

This is the nub of the problem. Bill C-56 is an indication of the incompetent and inept handling of an arrangement by the federal government involving ten provinces that would have resulted in a provincial sales tax reduction for nine of those provinces. There is nothing wrong with the idea, but this government basically blew it.

● (1752)

In response to a question put earlier the minister said, "If you have a better system, we'll look at it." That seems to be his attitude. He is so over his head in this portfolio that he demonstrates it by seeking help constantly—"Tell me what to do." You cannot run an economy, Mr. Speaker, as this Minister of Finance is attempting to do on a touch and feel system. There has to be a change, or the forecast figures that I put on the record today will be still bleaker come September and October of this year. This country cannot stand the type of economic conditions it is being thrust into by an incompetent government such as we have had for over ten years.

**Mr. Edward Broadbent (Oshawa-Whitby):** Mr. Speaker, given the importance of a budget debate, I wonder if this House would be in agreement at this point to calling it six o'clock.

**Some hon. Members:** Agreed.

**The Acting Speaker (Mr. Turner):** Agreed and so ordered. It being six o'clock p.m., the House stands adjourned until tomorrow at two o'clock p.m., pursuant to Standing Order 2(1).

At six o'clock the House adjourned, without question put, pursuant to Standing Order.