

and they have increased their own income tax by the same amount of money.

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[Translation]

EXTERNAL AFFAIRS

VIOLATION OF HUMAN RIGHTS—PROPOSAL GOVERNMENT EXPRESS CONCERN TO U.S.S.R.

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, my question is directed to the Secretary of State for External Affairs.

According to the observers of the Russian political scene, the trial of Dr. Yuri Orlov is a typical case since it involves the principle underlying the provisions of the third basket of the Helsinki agreements which are thus flouted by the court itself, especially the way the proceedings are evolving. Does the minister intend to convey to the Soviet authorities the concerns which the trial of Dr. Orlov has raised in the government and among Canadians and is he seriously considering the negative effect of that trial on the implementation of the Helsinki agreement?

[English]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, as a preliminary, of course, I should remind the House that we have on a number of occasions within this chamber unanimously made reference to human rights issues in the Soviet Union including, by inference at least, the trial of Mr. Orlov or the arrest of Mr. Orlov. On the trial itself, I think hon. members will know it has not been possible for outside or western observers to gain access to the place where the trial is being held. We are doing what we can to determine the processes and the procedures which are being used.

As to whether or not there will be some sort of representations to the Soviet Union on this matter, we can only await the outcome of the trial and the assessment of as much evidence as it is possible for us to get together.

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FINANCE

METHOD OF SALES TAX COMPENSATION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Minister of Finance. In his recent budget statement he said that a reduction of retail sales taxes had the advantage of benefiting all those who spend in Canada, even those who do not pay income tax. In view of the fact the minister has recognized that those who do not pay income tax still pay sales tax, and often pay a disproportionate share of their income in sales tax, in seeking to make reparations to the province of Quebec why is he now dealing only with those who pay income tax and making no

rebate whatsoever to those who have paid money in the form of sales taxes?

While we do think the money should be paid to the government of the province of Quebec in order for it to exercise its own fiscal priorities, which it is entitled to do under the constitution, if the Government of Canada insists on making rebates why are they not made on a fair and equitable basis?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we are not making rebates. The Prime Minister spent a lot of time this afternoon explaining to the House that we are making tax room in the province of Quebec. If the provincial government wants to occupy that field, it can do so, just like Ontario, Manitoba, Saskatchewan, British Columbia and the maritimes. Quebec is different from the other provinces. In the other provinces things were done in an easy way because we are collecting their taxes for them. In Quebec they have to raise and collect their own taxes.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my supplementary question is directed to the Minister of Finance. The crux of the whole matter is whether or not the federal government would agree to making the same arrangement with Quebec which it has made with the other provinces in respect of reimbursing them for a loss of sales tax revenue.

Since the minister has insisted repeatedly that they cannot agree to selective sales tax and that it must be an across-the-board sales tax, has he any statistical or economic data to substantiate his position? If he has, will he table such data? Can he show the House that a selective reduction of sales tax in any province would produce less stimulus than the across-the-board provision which he suggested to the other provinces?

Mr. Chrétien: Mr. Speaker, the question of selectivity in Quebec has come from the fact that the same proposition could not have been made to the other provinces.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Why not?

Mr. Chrétien: Because it came after the fact. As the hon. member knows, there was an agreement among the provinces to cut their sales taxes the night of the budget. In fact, Manitoba and British Columbia decided to either advance or postpone their budgets to coincide with the same date in my budget. In effect, they have set that date for a tax cut across the board. Quebec came 48 hours after that with a selective system. Of course, it was too late to offer the same selectivity to the other provinces.

If Ontario had a choice, probably it would have been inclined to act in the automobile area. Because of my discussions with the minister of finance for British Columbia, if he had a choice of selectivity I know for sure he would have taken a cut in building materials because they are the only products which British Columbia sells to the rest of Canada.