

that if Quebec wanted a tax agreement, with that money it could cut sales taxes across the board for the rest of the items until October.

**Mr. Broadbent:** Mr. Speaker, with all respect, I say that the minister is showing an inflexibility which simply is not required in the circumstances. Would the minister confirm that what the Quebec government wants is no more money than any other province?

Second, would the minister agree, because this has not been challenged in the debate, with the fact that I put on the record more than a week ago, that the job impact of the tax cut proposal coming from the province of Quebec would likely create more jobs in the province of Ontario than in the province of Quebec, and as such it is not a balkanization measure?

If the minister agrees with both those points, why can he not admit frankly that he was mistaken in his original judgment, and accept the proposal of the Quebec government?

**Mr. Chrétien:** Mr. Speaker, there are two reasons. Mr. Parizeau made his cut 48 hours after my budget. Before I rejected that, I took the liberty of calling some other ministers of finance in this land to ask them if the Quebec proposal was acceptable to them. They said no. I called three. We had previously had a unanimous agreement, so I did not have to call everybody. After I had called three, I knew there was no possibility of agreement, so I could not accept the proposal at that time.

**Mr. Stevens:** Who were the three?

**Mr. Chrétien:** In addition, Mr. Parizeau went for a full year. British Columbia cut its sales tax by two points for a full year although I recognized only nine months. Following that, they are on their own. I do not see why Quebec should not be on its own after nine months, like British Columbia.

● (1132)

#### SALES TAX—FURTHER DISCUSSIONS WITH PROVINCES

**Miss Flora MacDonald (Kingston and the Islands):** Mr. Speaker, my supplementary question is also to the Minister of Finance. Yesterday, in fact, he reopened the discussions with the province of Quebec about changes in the sales tax issue. I should like to ask if he has undertaken to have similar discussions with the governments of the other provinces, notably the government of Manitoba, which had originally proposed to use 1 per cent of the sales tax reduction for direct job-creation programs, and also with the province of Alberta which had been ignored in any discussion of income tax rebates.

Has the minister, therefore, reopened discussions with the other provinces, now that he has proposed making changes on the whole sales tax issue with one province?

[Translation]

**Hon. Jean Chrétien (Minister of Finance):** It is very simple, Mr. Speaker. I discussed it with all finance ministers prior to

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the budget. I asked Alberta: Can I help you reduce your sales tax? The minister said: I do not have any. So that settled the matter. I told him: There will be other measures in the budget to help the economy of Alberta. That was settled. In Ontario, Saskatchewan, Manitoba and in all provinces, what I did was reduce the income tax on budget night so that they could increase theirs. What I propose today for Quebec is to reduce the income tax for Quebec residents. The Quebec minister of finance can do what he wants in his jurisdiction. He can cut the taxes he wants, that is his business. As for me, I am cutting the income tax of Quebec taxpayers.

[English]

**Miss MacDonald:** Given the fact that the Minister of Finance went into such detail this morning to explain that he had made different arrangements, or had proposed different arrangements, I would have thought he would have considered it courteous, at least, to have conveyed that information to his counterparts in the other provinces.

I should like to ask a supplementary question. Because of the uncertainty and confusion which now surrounds this entire sales tax issue, because of the fact that there would be real interest in the other provinces if any changes were contemplated to be put into effect, and because by its actions of yesterday the Government of Canada has indicated that it really has no clear idea as to where this issue will eventually take us, will the minister, in the interests of common sense and, more important, in the interests of national unity, agree to withdraw the bill from debate in the House at the present time until negotiations with the province of Quebec and, indeed, with the other provinces have been completed?

**Mr. Chrétien:** Mr. Speaker, we are reducing the federal income tax for the federal taxpayers in Quebec. I am acting within my jurisdiction, and Mr. Parizeau can do whatever he wants in his own jurisdiction. But I want to tell the hon. member something, that it will not be the separatist government of Quebec which will run the economic affairs of this nation.

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#### EXTERNAL AFFAIRS

##### CUBAN INVOLVEMENT IN AFRICAN HOSTILITIES—CESSATION OF AID TO CUBA

**Mr. Douglas Roche (Edmonton-Strathcona):** Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Yesterday the minister denied that anyone had claimed that Cubans were involved in the Zaire situation. Today, the Carter administration, which is providing evidence that Cuban soldiers in Angola played a role in the Katangan invasion of Shaba province in Zaire, is preparing special broadcasts to tell the Cuban people how Cuban troops are being used as a surrogate force to advance Soviet strategic aims in Africa, and is further backing up its claim by consider-