

or alternative A, is he referring to the \$85 payment to the residents of Quebec, leaving Quebec to their own means as to how they may recover that revenue, or is he referring to the \$100 aggregate payment for which he is making provision under subclause (1) of clause 30 of Bill C-56, the provision which he has made for the other eight provinces?

[Translation]

Mr. Chrétien: Mr. Speaker, the first formula in Mr. Parizeau's letter is exactly what we are proposing in our legislation, namely to pay directly to the government \$40 million for the part of the cuts they made, and which complies with the formula offered to the other provinces. For the remaining \$186 million we proposed, and Mr. Parizeau seems to find our proposal acceptable, to make a rebate of \$85 to the taxpayers of 1977 so that the money could be given as soon as possible to those who paid taxes last year.

[English]

Mr. Stevens: Would the minister indicate to the House why he is so reluctant to proceed under option No. 2 which would seem to put Quebec in a much more similar position to that of the other eight provinces, ensuring that there is not a payment to individual residents of Quebec, to which there has been constitutional objection and which would, presumably, anticipate a working agreement with Quebec on how the \$100 can be handled between the federal treasury and the treasury in Quebec City?

● (1417)

Mr. Chrétien: Mr. Speaker, perhaps the hon. member is a bit confused about the second proposition of Mr. Parizeau. He is not asking for the \$100, as I proposed last week. He is asking me to send him the \$40 million, as proposed in the other formula, rather than the \$85 being in the mail right away. But he does not mind if it is in the taxpayers' returns for 1978, which means the beginning of 1979, then he could make some arrangement. In his letter he said that he will have to raise his taxes. That is exactly what I said at the beginning. In his jurisdiction, he can do whatever he wants. In my jurisdiction, I can do what I want. He has just recognized that in his letter.

Some hon. Members: Hear, hear!

[Translation]

SALES TAX—INQUIRY WHETHER SAME TREATMENT WILL BE ACCORDED QUEBEC AS OTHER PROVINCES

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should also like to put a question to the Minister of Finance.

To assure the House today that the province of Quebec will be dealt with on the same footing as the other provinces with regard to the sales tax, can he tell the House whether he has accepted the first or the second option, to the effect that the money of the federal government will be paid to the Quebec government and not to the taxpayers of that province, so that

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we can be absolutely sure that we have almost exactly the same policy for Quebec as the other provinces?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I say to the hon. member that if he reads Mr. Parizeau's letter carefully, he will see that the latter recognizes that the federal government has the right to send money to the Quebec taxpayers, which is the principle we have always fought for. He does not ask us to send a cheque to the Quebec government, as the hon. member is asking us right now; Mr. Parizeau is asking us, very simply, if we wait until 1978, to make certain administrative arrangements with him to facilitate matters.

MANNER IN WHICH \$100 PAYMENT TO QUEBECKERS WILL BE EFFECTED

Mr. Roch La Salle (Joliette): Mr. Speaker, I want to ask a supplementary question.

I would like to ask the Minister of Finance—he explained the first proposal clearly—whether he is willing to accept the second proposal as well? According to Mr. Parizeau's letter, it seems that he would also agree to the alternative of \$100 in 1978. Is the Minister of Finance also prepared to make that \$100 transfer in 1978 whose means of implementation are now being discussed with the Quebec government?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am sorry but in his second proposal Mr. Parizeau is not asking for the \$100 I offered last week. He wants us to send him, because he has agreed in part to my plan in the budget for the \$40 million, and it is on the \$85 that he wants us to make arrangements for 1978. He does not talk about the \$100. That is why in my opinion it now seems easier in the present circumstances to accept, as Mr. Parizeau is willing to accept, the proposal I submitted to the House when I introduced Bill C-56.

Mr. La Salle: Mr. Speaker, I merely want to ask the Minister of Finance whether he believes that the Quebec minister of finance would accept the formula which the Minister of Finance considered last week, that is \$100 in 1978? Can the minister maintain that the Quebec government would reject that formula?

Mr. Chrétien: Mr. Speaker, in the letter he sent me he rejects my proposal of last week because he wants me to send him immediately the \$40 million which I intend to refund one way—

An hon. Member: The choice.

Mr. Chrétien: No, it is not a choice, he wants the \$40 million immediately; as to the \$85, if I send it only next spring, he wants some administrative arrangements.