

*Income Tax Act*

**Mr. Knowles (Winnipeg North Centre):** That can only be done in the House, not in committee.

**Mr. Nystrom:** Mr. Chairman, I think I will try again. I want to say a few words on clause 1, which is the general clause, and my remarks pertain also to the sales tax. I have had a chance to look over the letter sent to the minister by Mr. Parizeau and I do not think it was fair of the Minister of Finance to have said that there has been agreement. My interpretation of what Mr. Parizeau said was: "What is the use, the federal government has the power to give \$85 to the citizens of Quebec, I cannot do anything about it. I will have to tax back that \$85." He said in his letter:

*[Translation]*

Following our exchange of correspondence and our discussions, it seems clear that our governments disagree about the formula for the sales tax reduction in Quebec and that it would be useless to seek a formula other than the one which was approved by the Quebec government and supported unanimously by the National Assembly.

*[English]*

What he is saying here is that it is futile to go on looking for a solution or to go on looking for an agreement between the two governments. The position of the government is very clear, and it is obvious that the two governments are not in agreement. It is obvious, says Mr. Parizeau, that he has the support of the National Assembly in Quebec.

*[Translation]*

And all parties at the Quebec National Assembly, the Liberal party, Mr. Ryan, the Union Nationale, the Parti Québécois and all the others at the National Assembly.

*[English]*

Therefore, it is really futile to go on looking for a solution. That is what Mr. Parizeau is saying. I think the Minister of Finance is trying to pull wool over the eyes of the people of Canada when he says there is a solution. Perhaps he can explain in more detail just what the change is, and to what Mr. Parizeau is agreeing.

I think this is one of the strangest debates we have ever had in this country. As has been said before by members of my party, members of the Conservative party, and members of the Social Credit party, it is clear that the actions of the Minister of Finance are a real infringement upon provincial rights and provincial authority. The federal government makes a special arrangement with Saskatchewan whereby the sales tax in that province is reduced by 2 per cent for nine months. There is also an arrangement with British Columbia and with the Atlantic provinces, as well as with Alberta with which there is an agreement not to do anything because they do not have a sales tax. So other provisions were put in the budget for the province of Alberta than for the remaining provinces.

Why is there all the concern about Quebec's way of reducing their sales tax? They are trying to give the benefits of that federal money to their people in a fair and equitable way. Why cannot Quebec do that in the way they want? The sales tax is under their jurisdiction. If the minister cannot get agreement from the province, he should not force something on them,

[Mr. Chrétien.]

particularly since it is within their jurisdiction. The minister is flexible with Saskatchewan, British Columbia, and the Atlantic provinces; why can he not be flexible with the province of Quebec?

I am very suspicious that the Minister of Finance is trying to set up a classical confrontation between French and English Canada, and that is very unfortunate. I am concerned about national unity, and I wish some of the Liberal members were as concerned as some of us are. If there is constant fighting, that will not help the situation in the country. An hon. member opposite is saying that I am playing with the separatists in Quebec. If I am, then what about Claude Ryan and what about all the members of the Liberal party in the National Assembly in Quebec? What about the four, five, or more Liberal backbenchers in the House, such as the hon. member for Maisonneuve-Rosemont and a few others, who are critical of what the Minister of Finance is doing? Is the minister also accusing the premiers of the western provinces of taking that position?

The Saskatchewan minister of finance has said that the sales tax is under provincial authority and he would like to have the money from the federal government and to spend it as the province sees fit. If everybody is a separatist, then God help this country. If everybody but the Liberal party is a separatist, God help us. I think that is one way to tear this country apart.

I believe that the disagreement can be settled very simply. It seems to me that when the Minister of Finance was offering something to the provinces that is under their authority and power under our constitution, he should not have brought in a plan unless he had the agreement of all the provinces. It does not matter what he proposes so long as he has the agreement of the provinces. He did not have that agreement with Quebec, therefore he should have waited for a while and brought in a plan to which all the provinces could have agreed, or he could have exercised the same flexibility with Quebec as he had with the other provinces.

**The Chairman:** Order, please. The hon. member for Labelle is asking the permission of the hon. member to ask him a question.

**Mr. Dupras:** I would like to know if the hon. member claims that the Minister of Finance should have postponed his budget until the Quebec minister of finance had made up his mind. Is that what he is saying?

• (1642)

**Mr. Nystrom:** Mr. Chairman, the minister should have discussed this proposal with the ministers of finance at their conference in January. I understand there were detailed discussions at that time. If he did not discuss it at that time, it should have been discussed at the first ministers' conference in February. Why did he wait until the last minute before starting to discuss this proposal with the ministers of finance across the country?

**Mr. Dupras:** That is not correct.