

*Income Tax Act*

which one way or another will end up in the provincial treasury. The same applies to the argument that it would be preferable to give the tax credit on the basis of the 1977 tax returns because a larger number of taxpayers would then be eligible and the economic incentive would be more immediate. I repeat, Mr. Speaker, the tax credit has nothing to do with social justice since the recipients of that money would not benefit from it and would have to turn it over, as extra tax, to the Quebec treasury. The taxpayer, in that case, is nothing more than a conveyor between two governments, and the tax credit would not serve as an economic incentive, since it is only through sales tax cuts that the economy can be put on the way to recovery.

Mr. Speaker, last week's events have clearly demonstrated the willingness of the Minister of Finance (Mr. Chrétien) and his eagerness to find a honourable solution to this legal problem. I commend him for proposing to his Quebec counterpart a \$100 tax cut for each and every Quebec taxpayer in 1978. On the other hand, Mr. Speaker, I deplore the fact that the Quebec minister of finance did not find it advisable to explore fairly and immediately the offer which was made to him last Thursday by the Minister of Finance of Canada.

Mr. Speaker, I am quite willing to fight for the interests of Quebecers, but their elected representatives in the Quebec government should indeed adopt a reasonable attitude which would make negotiations possible. I feel that the reasons put forward by the Quebec minister of finance for turning down the federal government's offer do not carry any weight and cannot stand analysis. For instance, how can he claim that this generous offer will penalize the less fortunate when he knows perfectly well that this tax cut would serve only to vacate a fiscal field which the Quebec government could take over to recover the funds it is entitled to receive? Moreover, Mr. Speaker, he is not very convincing when he criticizes the last federal offer for not providing for a cash payment of some \$40 million as compensation for the equivalent of the province's 2 per cent sales tax reduction on clothing, footwear, textiles and furniture. Mr. Speaker, he is fully aware that Quebec will not lose these \$40 million which are part of the \$226 million which would be transferred to the Quebec government under the new tax cut scheme proposed by Ottawa. Finally, why does he come up with the cost of some \$8 or \$9 million in interest which would result from the transfer only next year of this tax money, when the federal Minister of Finance has clearly indicated that this question is negotiable?

Mr. Speaker, we learned yesterday from the media that the Quebec minister of finance seemed to have had second thoughts about the whole matter and appeared quite willing to come to an agreement. Whatever may happen, Mr. Speaker, whether the current negotiations come to an happy or unhappy conclusion, I sincerely hope that the federal Minister of Finance will continue to demonstrate the open-mindedness which served to increase his stature over the past week and

include clause 30, the proposal he made to Quebec last Thursday, in Bill C-56.

To put it in a nutshell, Mr. Speaker, the idea is to grant Quebec taxpayers a \$100 tax-rebate for the year 1978, hopefully, pending an agreement on the procedure to be followed by the Quebec government when it takes over fiscal jurisdiction from the federal government. The Quebec minister of Finance would apparently be prepared to give up the idea of a tax collection agreement. I am happy about this latest development which heralds the end of a useless quarrel. But I think that for the sake of Quebecers it would be preferable to go one step further than a \$226 million reduction in federal taxes and a corresponding increase in provincial taxes. As the leader of the Quebec Liberal party pointed out recently, we should not end up, Mr. Speaker, with some taxpayers suffering inequities in all this matter, such as, for example, double taxation on a short-term basis or retroactive taxing by the Quebec government.

To avoid these difficulties, it seems to me that a collection agreement is practically essential unless it is technically feasible to avoid these difficulties without such an agreement. But if such an agreement is necessary and can be entered into, it should not be interpreted as an additional concession to the Quebec government, but rather as the expression of a federal concern not to penalize anyone in Quebec. I would add, Mr. Speaker, that any agreement between Quebec and Ottawa should include the explicit commitment by the Quebec government to take over the whole power of taxation from Ottawa so that it would not be tempted to gain political advantages by refusing to accept all the monies transferred by the federal government to the Quebec taxpayers under the \$100 tax rebate.

Mr. Speaker, I shall close on this note and I am happy to see that the hon. member for Joliette (Mr. La Salle) is in the House. It has been quite natural for the official opposition in the last few weeks to criticize the Minister of Finance and to pretend that it was defending Quebec interests. They thus obtained political capital at little cost by using such nonsensical arguments as the one used by their leader and which I mentioned earlier. I want to say very clearly and specifically to the hon. member for Joliette that his crying and his anger have contributed very little to the solution which seems to have been found for this conflict. Moreover, I would like to caution him that his party should not accuse the government of having been overly flexible towards Quebec once this problem has been resolved.

We are used to this type of double play by the Progressive Conservatives as far as Quebec is concerned. I remember that in last year's federal by-elections, the hon. member for Joliette went around Quebec saying that the right hon. Prime Minister (Mr. Trudeau) was too rigid in his stand on the constitution and that he was refusing to grant additional powers to the Quebec government, on matters of immigration, for instance.