

able to take advantage, whatever it is, of the 3 per cent tax cut in Manitoba, Saskatchewan, B.C. and Ontario, while to a considerable extent the province of Quebec was able to protect its industries against goods shipped in from other provinces. The situation was no different than it has been in the past.

I would like to say that the minister of finance of the province of Quebec seems to have done exceedingly well for his province. He has protected industries which his province is able to take most advantage of and which do well, namely the furniture industry and the clothing industry. Industries in the province of Quebec have been able to go across the country and take advantage of whatever a 3 per cent sales tax in Ontario, Manitoba and the maritimes might bring. In return they have been able to get out of the federal treasury what they were entitled to on the basis as if the pay out of 3 per cent on the sales tax across the board had been implemented. In the situation we are concerned about as to how the tax pay-off will be made to the citizens of the province of Quebec, it does not seem to be terribly important. The citizens will receive it, and presumably the Quebec finance minister will have to find a way to tax back that portion that is paid to citizens in his province. I suspect this is the reason for the suggestion that some means be worked out for 1978 taxes so that we can arrive at a modicum which will not upset citizens. When people receive a cash payment they do not like to be taxed on it.

We have the situation where the Minister of Finance proposed to nine provinces a certain type of sales tax cut, in return for which he gave a certain amount of money. They accepted this, though for most of it not with any great alacrity and not with any great feeling that it was the right thing to do. After all, it is an invasion of provincial rights to some extent. I agree that the fields of unemployment insurance, health programs, welfare programs and education, fields which were given to the provinces, have been invaded by the federal jurisdiction over the years. They have been invaded because we did not allow enough tax room for the provinces to do those things they should have.

The Minister of Finance mentioned the other day, I believe, that he finds the provinces are spending more money than the federal government because of the change in tax revenues. It should be realized that the provinces' assumption of much of the tax load and spending has come about not because it has taken over from the federal government, but because in the fields of education, health and welfare the provincial governments have taken over from the private sector, and these fields alone contribute some 60 per cent to 70 per cent of the total provincial budgets. In this situation it has been bad business for the federal government to meddle in the sales tax, which is one of the few taxes the provinces have available. The BNA Act gave them only direct tax. There is not much scope for these when they are analyzed.

While it may have been a good thing economically to have the sales tax cut, one doubts whether the legacy of distrust that it will leave will contribute much to Canadian unity. In any event, the province of Quebec has won one over the Minister of Finance because the province has received its

money and has made tax cuts which are favourable to that province and to its industries. To argue about in what manner or by what means the \$186 million should be paid to that province seems to be largely academic.

Mr. Friesen: Mr. Chairman, we are seeing a very unusual happening in the House. We are debating a bill which the government pretends it wants to see passed as soon as possible, and yet it has the audacity to put up 15 speakers during second reading debate to the 17 speakers put forward by the members of the official opposition—

Mr. Huntington: And then bring down closure.

An hon. Member: The guillotine.

Mr. Friesen:—and then bring down closure. What a contradiction. It is not closure, I would remind the hon. member for Capilano, it is now called time allocation. What this government always does when it runs out of excuses is change the name. I do not know what PR company they hired to do this, but it always looks a lot better if they change the name. It is just as the Prime Minister says; he is in favour of democracy. By "democracy" he means: "Throw me out if you do not like what I have done". Whether or not he has kept a promise that he should have kept in the first place, that is his new definition of democracy.

I am a little amazed at the government's policy in taxation. It seems to me that we in this country are moving dangerously in the direction of a taxation policy which sees every missed opportunity as a tax loophole—

Mr. Epp: Confiscation instead of taxation.

Mr. Friesen:—that the government has to fill. The hon. member for Provencher says it is confiscation instead of taxation. That really is the direction in which we are going. So every time there is a missed opportunity the government gathers all of its staff resources together to see if they can plug that extra hole for fear that Joe Citizen has a few dollars left over. The parliamentary secretary is sitting there and joshing at all of this. What he is doing is attempting to pump the public to become dishonest citizens, because it is becoming a contest to see how much money will be left over at the end. It is a contest between them and the government. As soon as the government discovers there is something it can possibly latch on to, then Joe Citizen has to find a way of beating it. If we do not watch ourselves, we will find ourselves in the impossible position where we will have a whole generation of people who will see that they have, in order to eke out an existence, to beat out the government.

Mr. Hnatyshyn: Bring proposition 13 on!

Mr. Friesen: Yes, or bring proposition 13 on and see another tax revolt.

I have a few examples I would like to bring to the attention of the parliamentary secretary since the Minister of Finance is not here.