

Oral Questions

Mr. Epp: Mr. Speaker, the Manitoba government proposed that of the 3 per cent sales tax reduction, 1 percentage point should be used for direct job creation in the province of Manitoba. The money involved was paid by Manitoba taxpayers. In view of the flip-flop the minister has done, what was the reason for his rejection of the Manitoba proposal which would have had direct beneficial results in our province?

Mr. Chrétien: Mr. Speaker, I just explained very clearly that I was trying to get a consensus among all the provinces. The Manitoba government proposed something special which I could not sell to the other provinces. I made exactly the same offer to the government of Manitoba as the one I made to the others. There were two options. The government of Manitoba decided to cut its sales tax by three points for six months and pay for one of those three points, just as Ontario and the other provinces which had the same choice did. They did not want to take the same route as the one taken by Saskatchewan and B.C. Everyone wanted to have a different tax. That was the first time a federal minister of finance had tried in good faith to incorporate the views of all provincial ministers of finance in a budget.

Incidentally, sales tax was not the only thing we discussed. The minister of finance of Manitoba and myself spent only about ten minutes on the sales tax proposal, and he understood. After that we discussed the value of the dollar, the balance of payments, and so forth. We had a very useful meeting.

Mr. Clark: At the airport.

CONSULTATION WITH PROVINCES ON SALES TAX

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is to the Minister of Finance. In connection with the minister's proposal to rebate \$85 to each Quebec taxpayer in connection with the sales tax proposals in his budget, did the Minister of Finance consult with his provincial colleagues, the ministers of finance and provincial treasurers, before he made a final decision on that method of proceeding and before he announced it? Did he consult with them all, and did they consent or did they object? What was their reaction? I presume that the minister from Quebec must have objected. Were they all consulted with, and what was their reaction?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I previously took the time to call every minister of finance. The only one I could not reach was the minister of finance of Newfoundland, but I talked to the premier, Mr. Moores. He made some comments and then said he would not make any public statement about it, and I guess he has not.

Mr. Crosbie: Mr. Speaker, I would like to refer the minister to his statement of May 15 in connection with this whole matter. He said, at page 3:

I have discussed this arrangement with my colleagues in each province.

He has now pointed out that he has not discussed it with all his colleagues. The minister went on to say:

[Mr. Chrétien.]

They all told me they would have preferred Quebec acceptance of the original proposal.

Is the minister saying that the Premier of Newfoundland and all his other colleagues in finance across Canada, including the Quebec minister—which is what this statement says—all said they would prefer Quebec acceptance of this proposal? If that is the case, why has Mr. Parizeau not accepted? What does this statement mean in the press release the minister put out?

Mr. Chrétien: Mr. Speaker, I think the hon. member wants a play on words. Of course I did not talk to the minister of finance of Newfoundland; he was in Paris. I decided to talk to his boss. The Newfoundland minister of finance was in Paris on business. He was there to borrow some money for his province. He has a tough time because he had to take over from the hon. member for St. John's West who left the treasury.

In the case of Quebec, of course, there was no agreement. I think it is quite evident that the Quebec minister of finance has not accepted the proposition. The hon. member says I should have said "all but Mr. Parizeau". Perhaps I can add "all but Mr. Parizeau". Mr. Parizeau did not agree. Everyone knows that. This happened a long time ago.

● (1452)

Mr. Crosbie: Mr. Speaker, when I was the minister of finance in Newfoundland the Canadian dollar did not have the bottom dropped out of it; I can assure the minister of that.

Some hon. Members: Hear, hear!

Mr. Crosbie: Our deficits did not approach \$11.5 billion, either. I refer the minister to *Hansard* of May 16: at page 5451 the minister is reported as saying:

We have cut income tax in the federal budget for the citizens of all provinces and the provinces raised their own income tax by the equivalent amount of money.

Has the minister reduced the income tax by \$100, or any amount, for the citizens of Alberta? Has Alberta agreed to raise its income tax by an equivalent amount of money? That is what the minister said yesterday.

Mr. Chrétien: Mr. Speaker, I think it is very obvious why he quit very quickly the treasury of the Newfoundland government. In the case of Alberta, we have explained very clearly that the proposition was related to provinces which had sales tax. Obviously there is no sales tax in Alberta. I explained that in my first discussion with the minister of finance for Alberta: I said, "This cannot apply to you". But I said at that time that there would be other things in the budget which would be of interest to the people of Alberta.

It is quite evident that it is great that we have decided to give more incentives in this budget for the heavy oil industry from our own tax in order to have that industry in Alberta. Obviously, that province can afford not to have sales tax. In the case of the other provinces, I have cut income tax by \$100