

Oral Questions

that; but the money would be in the pockets of federal taxpayers only in the spring of 1979. That was the formula proposed by Mr. Ryan, and I am willing to go along even if, economically, it makes less sense than what I have proposed.

Mr. Clark: We all know what has been proposed by Mr. Ryan. His position is far clearer than that taken by the Government of Canada. Yesterday the minister apparently indicated some willingness to accept the 1978 base, something which would have delayed a certain economic stimulus to the economy of that province this year, when it is needed, as the hon. gentleman has just admitted. I hear that the former minister disagrees with the present minister. I know that the Liberal caucus is full of disagreement on this question. But let members opposite resolve their differences internally, and let the Minister of Finance address himself to the question I have asked.

Mr. Speaker, there is a great deal of talking and shouting going on over there. I know how nervous they are about this subject, but I ask the Minister of Finance to address himself to the question I put to him. If he does come back to that proposal to move to the 1978 base, will he undertake to enter into some arrangement with the province of Quebec? I do not know what it might be.

Some hon. Members: Oh, oh!

Mr. Clark: We are quite prepared to propose a number of them. One would simply be to respect the jurisdiction of the province of Quebec and to end this attempt to interfere with provincial jurisdiction.

Some hon. Members: Hear, hear!

Mr. Clark: But the government refuses to do that.

An hon. Member: They want a confrontation.

Mr. Clark: I ask the minister, seriously, in the interests of the taxpayers of Quebec and in the interest of equity, to give us an undertaking in principle that if there is to be an agreement relating to 1978, he will ensure that the people of Quebec will not become victims, economically, of this dispute between two governments which appear to be increasingly stubborn?

Mr. Chrétien: I say, again, to make sure that the Quebec people will not suffer at all, that if the hon. member will vote on the bill today, the cheques will be in the mail next month.

Some hon. Members: Hear, hear!

Mr. Chrétien: I called the hon. member this morning because I thought he had some problem of understanding. It appears my call was not very useful. I repeat that I am not interfering in the jurisdiction of the province of Quebec. They have cut their sales taxes in the way they wished. They can cut all the taxes in their field they wish. They would go bankrupt very quickly—they are close to it—but there is nothing I can do about it. It is within their jurisdiction. I am reducing

[Mr. Chrétien.]

personal income tax for the federal taxpayers of the province of Quebec.

SELECTIVE SALES TAX CUTS—GOVERNMENT POSITION

Mr. Edward Broadbent (Oshawa-Whitby): The minister has indicated that the Ryan proposal, as one way of extricating us from this mess, is not the best one in terms of stimulating the economy of the province. Upon reflection, I agree with him. In this respect the minister at least agrees with the government of Quebec. That government, too, rejected the Ryan formula as not providing the kind of stimulus needed this year.

• (1127)

If that is so, would the minister confirm that the second part of his so-called new proposal for selective sales tax cuts is, in its substance, precisely the same as his original proposal, in the sense that the federal government is still insisting that the Quebec government cut for some period of time all the sales taxes in that province as a condition of getting any federal payment at all?

Hon. Jean Chrétien (Minister of Finance): No, Mr. Speaker, it is a condition that we have a collection agreement. Since Maurice Duplessis there has been no collection agreement between the federal government and the Quebec provincial government. If the hon. member now recognizes that the Ryan formula is not perfect, why did he move a motion in the House of Commons on Thursday, May 25, urging me to accept the Ryan formula?

Mr. Broadbent: Mr. Speaker, I appreciated the minister's remarks earlier today regarding his proposals. I would have thought that he would at least do the courtesy of reciprocating an attitude which I have. As I said, on reflection—not just today, but previous to today—I have seen the implications of the Ryan formula. I am appealing to the federal government to show the same flexibility as some of the rest of us in this country are prepared to show in this matter.

As I understand the second part of the minister's proposal, that is, the selective sales tax proposal remaining in the province of Quebec, with some subsidization coming in direct payment from the federal government, it is still an insistence by the federal government that the province of Quebec impose a unive nuaes tax on all commodities. If that is the case, would the minister not agree that he has come all the way back to his original proposal, which still amounts to his insisting that the federal government impose certain priorities on the provincial government which are within the constitutional right of that province?

Mr. Chrétien: Mr. Speaker, in my second proposition of yesterday I came a long way. I said that even if I did not agree with the selective sales tax system proposed by the Quebec government, I would pay part of it. Quebec could have it forever, if it wanted, but I would pay two-thirds for nine months, as I have agreed to do for Saskatchewan and British Columbia. There was some money left over on the table. I said