

and that will allow Quebecers to take advantage of the money the federal government is offering them.

COMPENSATION OFFERED TO QUEBEC FOR LOSS OF SALES TAX
REVENUE

Mr. Heward Grafftey (Brome-Missisquoi): I would like to direct a question to the right hon. Prime Minister.

In view of the fact that, as he stated a moment ago, the Prime Minister does not agree but that, according to the information I have, all parties and their leaders in the Quebec National Assembly support the main thrust of the policy announced by the Quebec finance minister regarding the sales tax, and also in view of the fact that, in my opinion, most of those people in Quebec City are as staunch federalists as we are here in Ottawa, could the Prime Minister tell the House what kind of compensation he has in mind for Quebec taxpayers if he intends to categorically refuse the present requests of the province of Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can only repeat that we must wait and see what the Quebec finance minister has to propose.

For instance, the federal government agreed to some arrangements following the request submitted by British Columbia. There were also some arrangements that followed the request by the province of Saskatchewan. Had Mr. Parizeau submitted some requests of his own, we could have tried to find a solution agreeable to all concerned. However, what is unfair—and I think the hon. member will agree—is that once everybody has come to accept a formula, saying: “Well, all in all, this formula is fair to everyone”, Quebec came afterwards to ask for an amendment that would be to its sole benefit; that is what is unfair in the Quebec legislation. Perhaps Mr. Parizeau will find a way to remedy that.

I am sure the hon. member will understand that, from the time each province agrees to co-operate with the federal government on a tax measure which is in the interest of all Canadians, it would be unfair—and I do not think that opposition parties would agree to it—it would be unfair that a province say: “We do not want federal funds to benefit all Canadians, we want them to help a limited number of Quebecers.” I think the hon. member of the opposition will agree with that.

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[English]

THE BUDGET

SALES TAX REDUCTIONS—SPECIAL CONSIDERATION FOR
QUEBEC

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Prime Minister. Will he confirm that a study on the tax proposed by the province of Quebec had been

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prepared by the federal Department of Finance well in advance of the budget and it confirms that on an equity basis the proposal made by the government of Quebec is more equitable than that suggested by the federal government?

Having already made special arrangements with the Atlantic provinces by giving them all the sales tax, will the Prime Minister now acknowledge that that special consideration has already been given? What is so fundamentally different in doing that, acknowledging now that the federal government will give over to the province of Quebec the \$184 million they have been shortchanged for job creation programs?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will attempt to answer the question again. The cutting of the sales tax across the board, as happened in every other province, has a tendency to increase consumer demand and to encourage small businesses and manufacturing in all parts of Canada regardless of the province from which they come. The federal government's purpose in the budget was to make sure that this stimulus was applied fairly across the provinces from one end of the country to the other. That is why we sat down and discussed many times with the provincial finance ministers modifications which might be brought in and which would be in line with provincial priorities, but at the same time would always aim toward the objective of having people in Canada treated indiscriminately: they would be treated equally by the federal tax measure in every province. This deal was put together without the federal government knowing whether the province of Quebec would come in or stay out.

After the deal had been put together, the province of Quebec came forth with a special request saying they wanted this federal money, not to benefit Canadians generally, not to benefit small businesses and consumers but to spend in Quebec to benefit only themselves. The leader of the New Democratic Party will understand that if each of the other provinces was apprised of that deal, they would obviously say, “If you are going to do this for Quebec, if you are to permit Quebec to spend federal tax abatements in a way that is advantageous particularly to the industries of that province, then surely you should give us the same deal”.

That is the reason why, once a deal has been put together with every province and without Quebec saying no, it becomes difficult to sort of say now that everybody has been treated fairly and forget the maritimes, for example, which do not have many manufacturing industries. They accepted our proposals. They know that in many cases the consumer will be buying goods made in Quebec, Ontario and every other province. Everyone accepted it, not only with an eye to his own province but to the general Canadian economy. We now have one province saying that everyone has accepted a measure for the good of all, “we want that measure to be applied to us particularly for the good of Quebec and not for the good of all”. We think that is not a very fair proposition. I am surprised that the opposition parties in this House are supporting it.