

*Federal-Provincial Fiscal Arrangements*

● (1430)

[English]

Part VIII of the bill authorizes the federal government to enter into reciprocal taxation agreements with the provinces effective October 1 this year. These agreements will provide for the two levels of government to pay each other's consumption taxes. The reason for such agreements is to remove a lot of the uncertainty and dispute that has surrounded the paying of such taxes by government bodies in the past. To date, six provinces have agreed to enter into a system of reciprocal taxation with the federal government respecting consumption taxes. The six provinces are Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland.

Part IX provides for the necessary authority to make regulations pursuant to the act and for the recovery I referred to a few minutes ago.

Part X contains the consequential amendments to other legislation. It provides for the reduction in federal income tax rates to which I alluded earlier as part of the established program financing arrangements. I should note that certain adjustments relating to the dividend tax credit and to the income tax surcharge in the Yukon and the Northwest Territories will have to be made as a consequence of the new arrangements. These adjustments are not provided for in this bill but will be dealt with later in the session.

To the intense relief of hon. members and, might I add, of myself, that ends my review of the main provisions of the bill. I see in them a reflection of the accord reached between the federal government and the provinces following extensive discussions during the past year and a half. This is not simple legislation. Nor can it be simple if it is to serve its purposes in a country so large and varied in needs, resources and political outlook. It is complex legislation because it is highly sensitive to this great diversity in our confederation. Above all, it reflects the ability of our federal system to accommodate our regional differences in a manner that enhances the strength and well-being of the entire federation. Our federal system is a dynamic one and it can respond to changing circumstances. Perhaps this is so because there is a basic generosity and understanding that underlies our mutual accommodations. These are qualities of which Canadians can be proud. Moreover, they can become the crucial elements in meeting the threat of Quebec's independence and other expressions of dissatisfaction and discontent in other parts of Canada. We do have the instruments to meet these challenges. In its essential purposes, this bill is one of them.

**Some hon. Members:** Hear, hear!

**Mr. Joe Clark (Leader of the Opposition):** Mr. Speaker, I want to begin by expressing, on behalf of my colleagues, our congratulations to the minister for his stamina in reading that long review, a stamina exceeded only by our own. We sympathize with him for having to go through the details of a very complex bill. The minister spoke earlier of the complexity of the legislation. I think it is fair for me to say that this complexity is understandable. We do not take exception to

[Mr. Macdonald (Rosedale).]

that as much as to the fact that what we are faced with here is a *fait accompli*, an agreement arrived at by heads of government meeting away from here without allowing parliament so much as an expression of opinion with regard to the options.

The minister referred, as I say, to the complexity of the bill. Our spokesman on federal-provincial relations, the hon. member for Kingston and the Islands (Miss MacDonald), will be referring later in the debate to some of the details of the legislation. Given all the mathematical equations and the nicety of the legal language, she has threatened to reply in Gaelic to match the complexity of the text. If she does show that initiative, she will earn a badge!

I want to speak more generally at this time about the nature of the country which these arrangements are designed to serve and about actions which we as a parliament might undertake to ensure the integrity of a confederation which is now under attack. As I have mentioned, the detailed response to the bill will be provided by my hon. friend. We are, of course, supporting in principle the legislation which is before us. In effect, we have no alternative even if we found there was cause for serious disagreement since, as I have pointed out, while this bill is being debated in parliament, it was decided outside parliament, and that is a system which must end—

**Some hon. Members:** Hear, hear!

**Mr. Clark:** —not least because, as my hon. friend from Esquimalt-Saanich (Mr. Munro) has stated, the process of debasing and demeaning our national institutions by taking power away from them is one of the causes of the decline in the sense of national spirit and national identity.

I want to begin by expressing my view that, while the challenges which face the country today are serious, there is no question at all that we as Canadians can hold this country together.

**Some hon. Members:** Hear, hear!

**Mr. Clark:** Indeed, there is no question that the present central crisis may be one of the most important elements in helping us not just to stay together but to build together as a country. Nations are like people. They need challenge. It brings out the best in them. It forces them to stop engaging in petty disputes, to stop fooling around. We have been ignoring reality for too long, lately, in this country. The November 15 election in Quebec forced us to face reality. We learned dramatically that separatism is not dead. But the lesson of deep discontent with existing national arrangements was there to see, for anyone who was looking, well before November 15. It might prove to be one of the ironies of our era that the election of a party dedicated to the partition of our country was the catalyst which forced us to adopt reforms which could bring this country together.

The bill before us, dealing as it does with arrangements to maintain confederation by helping it to function, provides a good occasion for us in the House of Commons to face the elements of the Canadian reality in 1977. The obvious chal-