

[Translation]

● (1117)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am responding exactly to the wish of the Leader of the Opposition as expressed in a speech he delivered Sunday last when he said: We demand that the equivalent of the amount represented by the tax cut, that is \$226 million, be paid in full to the province of Quebec. And we have decided to transfer back to Quebec residents the equivalent of \$226 million as requested by the Leader of the Opposition.

Of course, yesterday we tried to make two proposals to the Quebec government, the first one along the lines of Mr. Ryan's formula whereby the tax income reduction would be made in 1978 instead of 1977 but Mr. Parizeau rejected it. We tried to make a further proposal which would have caused me to accept some of his proposals if he were prepared to accept some of mine and he refused. I stated on many occasions yesterday that obviously Mr. Parizeau and the Quebec government have only one thing in mind, to prove that there is no way to deal with the federal government. What we are trying to do is to develop a national policy on economic incentives, and economic success for the Canadian government is certainly not something which meets the political purposes of the separatist government in the province of Quebec.

[English]

Mr. Clark: The minister was a little more clearcut in his attribution of this proposal to Mr. Ryan in his statement than he was in his communiqué. In his press communiqué, he said it was not the same as, but similar to, the proposal made by Mr. Ryan. I am sure Mr. Ryan will be quite prepared to clarify that difference himself.

I am pleased to know that the minister is now reading and quoting my excellent speeches: that might redound to the better governing of the country. He knows the difference between what we proposed and what he has done. We have proposed to let the government of Quebec, as with the governments of other provinces, have that money. He is proposing some form of payment via individual citizens. He is proposing to change the system with the province of Quebec.

My question is this: In the second proposal that the Minister of Finance made yesterday, according to his communiqué he proposed to make a one-time only transfer to the province of Quebec on condition that the Government of Canada is allowed to dictate the way a province uses a provincial jurisdiction. The minister knows that that condition is unacceptable to the government of Quebec. He knows it is unacceptable to Mr. Ryan. Indeed, it is unacceptable to anyone else who respects the constitution of Canada. The minister is prepared to make a one-time only tax transfer in a way that violates the constitution. My question is quite simple: Why will he not agree to make it in a way that respects the constitution of Canada?

Oral Questions

Mr. Chrétien: Mr. Speaker, I am respecting the constitution all the way. Mr. Parizeau, or any government, can do what they want in their field. In fact, Mr. Parizeau has done it so much that he has selectively cut the sales tax for 12 months. It is done. I have not intervened. As there is no agreement with Mr. Parizeau, and he does not want an agreement, I do not want to penalize the citizens of Quebec. I am reducing the income tax of Quebecers in exactly the same way as I have done for those in Ontario and New Brunswick. On the night of the budget I reduced the federal income tax by \$100. They increased their provincial sales tax by \$100 and followed a procedure of cutting the sales tax.

What I did on the night of the budget was reduce the income tax of the other provinces which have sales tax. I have no agreement with Quebec. I tried to get an agreement. I made five different proposals. There is no way I can get any agreement with them. I am doing now exactly what I did on the night of the budget with the other provinces in reducing the income tax.

Some hon. Members: Hear, hear!

Mr. Clark: The Minister of Finance must, surely, by now recognize that it is not exactly the same when the citizens of one province receive a cheque from the federal government and the citizens of other provinces do not receive a cheque. That is not the same.

Some hon. Members: Hear, hear!

Mr. Clark: One of the proposals that the federal government has put forward—it is one that we on this side of the House would like to see considered with some calm—has the serious disadvantage of delaying the economic stimulus in Quebec for at least a year. Indeed, it may have the consequence of forcing the Quebec government to raise taxes, which it is not in a position to do with ease before that time. Naturally, the chief victims of an arrangement like that will be the people of the province of Quebec.

I would like to ask the Minister of Finance this question: Assuming there is some progress affecting the tax year 1978—affecting that proposal—would the federal government be prepared to give the most serious consideration to including in any agreement that might be arrived at, some provision that might bring stimulus to the province, the economy and the people of Quebec this year, when it is needed, rather than causing the people of that province to suffer because of a determination to disagree on the part of two governments?

● (1122)

Mr. Chrétien: That is exactly why I decided to take the list of the taxpayers of 1977, to make sure that the money was available to assist the Quebec economy this summer. The one disadvantage of the Ryan formula would be that the money would be in the hands of the taxpayers of Quebec only in the spring of 1979. In order to stimulate the economy right now, I have decided to go with the taxpayers' list of 1977. If the hon. gentleman would prefer me to take the 1978 list, I could do