

*Oral Questions*

sit there, with his partisan attitude, and say there is no action on my part, I do not understand.

**Some hon. Members:** Oh, oh!

## CORRESPONDENCE WITH ALBERTA ON GRAIN MARKETING STRATEGY

**Mr. Bert Hargrave (Medicine Hat):** Mr. Speaker, I have a supplementary question for the minister responsible for the Wheat Board. It relates to the tabling of Premier Lougheed's correspondence with the Prime Minister dealing with Canadian grain marketing strategy, including an overdependence on China for grain sales, the lack of a long-term agreement with the Soviet Union and changing conditions in Southeast Asia. In view of the fact that Alberta produces over one-third of Canada's grain, will the minister explain why the premier's request that the Wheat Board provide private quarterly reports to concerned premiers in Canada was so peremptorily turned down?

**Hon. Otto E. Lang (Minister of Transport):** Mr. Speaker, the question is really, what kind of information does Premier Lougheed want that is not available to him? If he would be specific about it, we would be glad then to analyse whether or not we should give it to him. He has, of course, among his advisers some who would destroy the Wheat Board. I think this is reflected in this kind of correspondence.

In the letter, Premier Lougheed, as quoted by the hon. member, indicated an overdependence on the Chinese market. The fact of the matter is that this year we will be depending to about the 22 per cent or 23 per cent degree on the Chinese market, which is very close to the percentage ever since 1961-1962, when it was 22 per cent. The only difference is that when it was 22 per cent, that year it represented about half the grain involved this year, when it is 22 per cent, because we are exporting so much. The fact, also, is that the only danger to the Russian market that we suffered was when Premier Lougheed was visiting there and made some very serious tactical errors which the Wheat Board has been able to overcome. Those are the facts.

**An hon. Member:** Not so.

● (1422)

**Mr. Lang:** It is fact.

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## FINANCE

## METHOD OF COMPENSATING QUEBEC FOR LOSS OF SALES TAX REVENUE

**Mr. Edward Broadbent (Oshawa-Whitby):** Mr. Speaker, I have a question for the Minister of Finance. Considering that it is the unanimous decision of all political parties in the province of Quebec that the federal government should reimburse that province for its losses under the federal govern-

[Mr. Lang.]

ment's selective sales tax reduction proposal, and considering that such special consideration for Quebec would be fully consistent in principle with the other special arrangements which were made for the Atlantic provinces, can the Minister of Finance inform the House why the government has now made the incredible decision to bring in additional federal legislation which would enable it to make direct financial transfers to the citizens of Quebec over the duly elected government of that province?

[Translation]

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, when we introduced certain special considerations into the proposal relating to the sales tax in the maritimes, all provinces had previously given their assent, including Quebec. All I propose to do today is to abide by the proposal we have made to Quebec by paying that province what it is entitled to, that is \$40 million. As for the rest, we as the federal government are going to reduce the federal income tax for all Quebec taxpayers.

[English]

**Mr. Broadbent:** Mr. Speaker, the leader of the Liberal party in the province of Quebec, Mr. Ryan, with reference to the federal government's decision to make direct tax cuts to the people of Quebec, in clear contravention of the expressed desires of the government of that province in principle, and in contravention of all the other arrangements which were made with the other provinces, said:

It means that whenever the federal government makes any kind of offer to a province and when the province refuses it for reasons of its own, the federal government retaliates by handing the money over to the people.

I would like to ask the Minister of Finance, in all seriousness, would he acknowledge that when the federal government goes in clear contravention of the expressed desires of a provincial government which is acting within its constitutional domain and unless it gets agreement it is going to give money directly to the taxpayers of that province, that really such an attitude is a form of blackmail and, as such, is totally unacceptable?

**Mr. Chrétien:** Mr. Speaker, the hon. member should know that there have been circumstances in the past where the Canadian government has vacated a fiscal field in order to try to accommodate some provinces. What we are doing at this time, since we could not reach an agreement with the Quebec government as we were able to with all the other provinces of the land is that we have decided to conform to the proposition and pay to the province of Quebec what we have agreed to pay to them, and for the rest use federal tax money that will be paid back to the federal taxpayers in Quebec.

**Mr. Broadbent:** Mr. Speaker, considering that the federal government's proposal makes special arrangements for all the provinces in Atlantic Canada and makes another set of arrangements for the prairie provinces, which had certain circumstances that they wanted special consideration for and considering that the government in fact realized its obligation