

Income Tax Act

right to include, that is his problem and he will have to find a solution to that by himself.

[English]

Mr. Stevens: As I understand the minister, he is saying the proposal to pay the \$85 as originally put forward by the government was entirely acceptable to the minister of finance of Quebec. I think the hon. gentleman is reading a lot into the wording of the letter. As I read it, Mr. Parizeau feels he cannot stop the federal government from proceeding with Bill C-56, but that if this course is followed he would have no alternative but to tax back in its entirety whatever the aggregate amount might be—\$85 times the number of taxpayers in Quebec. Is that the case? Has the minister received any assurance from the Quebec minister of finance that his proposal, now, is acceptable by Quebec, or is it not the case that the Quebec minister is simply indicating that there is no alternative?

Mr. Chrétien: I have explained the situation as well as I can. I cannot add anything to what I have said. Clause 30(b) was my proposition, and the letter from Mr. Parizeau said it would be a solution to the problem.

● (1622)

Mr. Stevens: I emphasize that the \$85 proposal is a direct payment by the federal government to the residents of Quebec, and if the federal government intends to go ahead with that proposal, would the Minister of Finance indicate if he is then out of hand turning down the alternative proposal Mr. Parizeau has made with respect to having a 1978 pay-out scheme which, through an administrative arrangement, would be much more comparable to the arrangement the federal government has with the other provinces which, presumably, are willing to participate in the plan?

Mr. Chrétien: Mr. Chairman, I am not making any payments. I am reducing the amount of tax paid by the Quebec taxpayer in 1977 up to \$85, so that the people can qualify for a return on their taxes. It is exactly the same mechanism whether we use 1978 or 1977 tax lists. There is absolutely no difference. The reason there is a difference regarding the other provinces is that the other provinces do not collect their taxes. I reduced by \$100 the income tax in Ontario, for example, two months ago. The same day, or a day later, Ontario raised its income tax by \$100. I collect it, so there is no problem.

Since 1954 under Duplessis Quebec has collected its own taxes. I am reducing, as I am doing in Ontario and elsewhere, the difference of \$85, and if Mr. Parizeau needs that amount of money or more, he will have to raise his taxes. There is no problem there. It is a problem for him, but it is not a problem for me. I am reducing the income tax of the Quebec taxpayer by \$85, and I am making a cash payment of \$40 million for the amount Quebec has contributed to the scheme by selecting four items for six months. I am paying two thirds. The cash payment is not just for Quebec.

As I said in the question period, there is provision for cash payments as adjustments in all the provinces. In fact it will be

[Mr. Chrétien.]

something like \$19 million for B.C. because the \$100 was not sufficient for B.C. I have to compensate B.C. more. In the case of Ontario \$100 was too much, so Ontario has to pay back a certain amount of money to the federal government. There is a cash adjustment, and the \$40 million for Quebec is part of that.

Mr. Stevens: Mr. Chairman, I think it is important that we get the two options clearly in mind. The first option to which the minister has referred is the payment to the residents of Quebec of \$85. As I read Mr. Parizeau's letter, Mr. Parizeau says he cannot do anything about that. If the federal government wishes to pay that \$85, that is its right. Mr. Parizeau wants it clearly understood, however, that he will use whatever means he has at his disposal to tax it back. I want to know the current position of the Minister of Finance with regard to the second option, which is an alternative proposal on the part of Mr. Parizeau. In effect, Mr. Parizeau is asking that Quebec be put in a situation similar to that of the other provinces. He is saying that for the 1978-79 fiscal year the tax of Quebec taxpayers should be reduced by \$100, or \$85, per person. As an administrative matter Mr. Parizeau wants to have that picked up between Ottawa and Quebec city so that Quebec will be in a position similar to that of the province of Ontario, the province of Manitoba, or any of the other provinces. Is the Minister of Finance as of this afternoon turning that proposal down?

Mr. Chrétien: Mr. Chairman, I have been very generous with my time. These questions should all relate to clause 30, and I will reply when we are dealing with Clause 30. Your Honour said earlier that I was not obliged to reply. We have been on questions which should be asked on clause 30, for 25 minutes. That is not the purpose of committee work. We should be dealing with this bill clause by clause. I have been extremely generous. I replied to questions in the House this afternoon.

It is obvious that hon. members opposite just want to drag the debate out. They do not want to deal with the nitty-gritty of this scheme. Hon. members of this House have the right to know what we have done for farmers with regard to capital gains, what we have done with regard to RRSPs and what we have done for retired people. We are proposing something to make things easier for them. Hon. members opposite do not want to talk about those new provisions. We are now on clause 1 and, according to Your Honour's directive, it is up to me to decide if I want to reply. I want to deal with clause 1 as soon as possible. Hon. members opposite can talk ad nauseam, but I will not reply.

Mr. Stevens: Mr. Chairman, the minister has a very short wick.

Mr. Chrétien: Mr. Chairman, I rise on a question of privilege. When we reach clause 30, there will be no problem, but prior to getting to clause 30 I want to deal with clauses 1 to 29.

Mr. Hnatyshyn: Thanks, Your Excellency. You sit too close to Trudeau. You are starting to act like him.