

taxpayers corresponds to the \$226 million allocated to Quebec in the Budget speech.

There we see the arrangements that were proposed, counter-proposed and finally laid down by the federal Minister of Finance.

There are several interesting features arising from this unusual proposal and they deserve mention. First of all, it provides a tax rebate to Quebecers that was not provided to the citizens of the other provinces, \$186 million worth if I read this correspondence correctly. In the case of the other provinces, hon. members will remember that the federal government vacated an area of income tax that was immediately reoccupied by the provinces. No citizens from the other provinces gained by this process; they were merely being taxed by a different authority at a different rate, sometimes higher, sometimes lower.

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Second, the 3 per cent reduction of sales tax on purchases within a province benefits all citizens buying items subject to sales tax, from cars to stereos to building supplies to drug items. The elimination of the sales tax in Quebec benefits only those who buy shoes, clothing, furniture and textiles. But that is Quebec's decision and if Quebecers do not like it as a long term thing they know what they can do—they can vote on it at the next general election in Quebec.

Third, the federal proposal will extend up to an \$85 rebate to income tax payers only in Quebec. The Quebecer who pays no income tax will not benefit. That is an important point. It is favouritism of the worst sort. The revenue collected in other provinces as a result of the federal government vacating part of the income tax field will become part of the province's general revenue and as such will go to pay citizens in those provinces. No amount of casuistry can produce arguments to convince me that what is being done for Quebecers is the same as was done under the tax vacating process for other provinces.

There are two jokers in this pack, Mr. Speaker. There are a lot more jokers than that with all the government members who are not over there! The first one is that on October 15, when the tax vacating deal plus the sales tax reduction notion comes to an end, the provinces will have to decide whether to continue with the sales tax reduction or suffer the political consequences of reimposing it. That is a nice way to deal with the provinces; it is a neat political trick to go through the motions of producing what looks like a favourable deal for the provinces with the full knowledge that the unfavourable consequences when the concession comes to an end will be borne by the provinces.

Is this the way to run a federation? Is this the way to treat federal-provincial relations—through Machiavellian trickery? Does the six-month deal and the October termination deal have anything to do with a general election? I think it is enough to make one wonder. One has every reason to ask why, if this government really wanted to do something positive to stimulate consumer buying, which presumably was at the bottom of this whole operation—the assumed reason for luring

Income Tax Act

the provinces into dropping their sales tax—it did not reduce the federal sales tax. They are losing \$100 per taxpayer to the provinces as a general thing, at no gain to the taxpayer. Federal revenue, therefore, has dropped. Could it not have dropped by the same amount by reducing the federal sales tax? What mischief is this government about, what tortuous reasoning takes place within its councils, are questions the Canadian people have to ask.

I said there were two jokers in the pack. The second one may take a few words of explanation but it produces a surprising result. Quebecers are to receive an income tax rebate of up to \$85 because it proved impossible for the federal government to work out an income tax and sales tax deal with Quebec similar to the one worked out with the other provinces. That is, \$85 on a six month deal that in most provinces produced a reduction of 3 per cent in sales tax across the board. It means, for those who get the \$85, that they would have to purchase \$2,833 worth of taxable goods in six months, 3 per cent of \$2,833 being \$85. Are income tax paying Quebecers likely to buy that amount of taxable goods in six months aside from clothes, textiles, shoes and furniture? Is anyone? On top of that, Quebecers get the benefit of total sales tax exemption when buying those items on which the Quebec government decided to eliminate the sales tax. It is a great deal—a great way to promote harmony in a federation!

The distressing conclusion to be drawn from this sorry mess in which we find ourselves is that this government seems determined to look always for political profit in its dealings with Quebec, and this time has failed utterly. The approach of the provincial legislature, voting unanimously to reject the proposal, is evidence of that.

We are bound to ask ourselves, as we have asked often and will ask as long as this government is in power, is this any way to hold a federation together—by exploiting a national crisis for political advantage? The answer obviously is no, it is not. Error heaped on error heaped on error: that is the record of this government. Once again I ask, how long are we to endure this "reign of error"?

Enough, however, of criticism. Surely there is something commendable in the bill before us. There is, even if it is not wholly commendable. I want to turn to clause 34 of the bill which has 19 long and tortuous subsections, all dealing with RRSPs and all arising out of paragraph 16 of the ways and means motion tabled by the Minister of Finance on April 10, 1978.

The first thing I want to say about this is that the motion broadens considerably the options open to those who have decided to make provisions for their retirement years by investing in RRSPs. I think this is a good thing. Prior to the tabling of the motion those who followed this route had only one option open to them aside from cashing in the savings in one fell swoop and facing the income tax consequences of doing so. Those consequences could be fairly heavy. That option was to convert those savings at any time between ages 60 and 71 into an annuity on which, of course, the annual levy of income tax would be paid.