

Income Tax Act

been pursuing that goal, and I suggest that is an extremely worthwhile goal to be pursuing. I hope the shell shock of the experience will not deter the minister from similar initiatives in the future.

There is no question that we are achieving our objective. The figures which are coming in now for the months of April and May show clearly that in the area of retail sales there has been a dramatic impact, particularly in the province of Manitoba.

Throughout the course of all this the opposition has been incredibly inconsistent and opportunistic. With all the good will in the world I feel that hon. members opposite have been naive. They have inadvertently got themselves into bed with a government whose clear objective is to prove that federalism does not work and that provincial governments—the provincial government of Quebec, at least—and the Government of Canada cannot work together. Working together is not the objective of the government of Quebec. Its clear objective is to do the opposite. Hon. members opposite may find themselves with a comfortable bed mate in this case, but I certainly do not.

Some hon. Members: Hear, hear!

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, the Minister of Public Works (Mr. Buchanan) certainly made some interesting comments in criticizing the opposition regarding sales tax proposals. It is his right to criticize, but I find it very strange that he should be criticizing the opposition when there are members in his own party who have voiced strong objections to the formula of the government. We are talking about the tax sales formula, the income tax formula and all the rest. We are not talking about being in bed with any separatist government. Nobody on this side of the House supports that separatist government. I think the people of Quebec will take care of Mr. Lévesque in the next provincial election. He is a one-time deal.

I would like to point out to the Minister of Public Works that federal proposals to compensate provinces for sales tax cuts, a plan rejected by Quebec and attacked by other provinces, have led to pronounced disagreements within the Liberal party caucus. Three Quebec Liberal backbenchers, the hon. member for Maisonneuve-Rosemont (Mr. Joyal), the hon. member for Matane (Mr. De Bané) and the hon. member for Compton (Mr. Tessier), have all expressed doubts about the plan. They were noticeably absent when the House voted on an NDP motion which would have scuppered the proposal.

An editorial in the *Montreal Star* of May 17, 1978 states the following:

"Clumsy rebate": The best that can be said about Jean Chrétien's plan to give an \$85 rebate to Quebec income taxpayers is that it provides a way, however clumsy, of getting rid of 186 million embarrassing dollars.

The rebate will achieve none of the aims of the reduction in provincial sales taxes which it replaces. It will not provide the timely economic stimulus, it will not give the help to the lowest income families and will certainly not encourage the federal-provincial co-operation on tax matters that was the aim of the original budget proposal.

Mr. Chrétien, of course, was in a box, largely of his own making.

[Mr. Buchanan.]

In the event, he has chosen a solution which contains a large element of inequity and which has provoked opposition in other provincial capitals anyway. Mr. Chrétien would have done better to admit that he had been out-manoeuvred, pay Quebec the money and make sure that, if he ever again proposes joint tax action with the provinces, he does his negotiating before, not after, the event.

● (1642)

That was our main point, Mr. Speaker, and there are many other editorials around the country. One in the *Montreal Star* reads:

Chrétien deserves his troubles: Finance Minister Jean Chrétien is in deep trouble trying to rescue his April budget proposal for sales tax cuts and he deserves every bit of it.

So it is not just members of the opposition who are critical; it is members of the Liberal party, newspapers across the country and also the provinces.

I listened very closely to the debate and especially to the speeches of the government members. Those speeches which I have not been able to hear in the House I have read in *Hansard*, and I find that government members have come out with some of the strangest comments I have ever heard in my five and a half years here. I would like to refer to some of the comments made by the hon. member for Comox-Alberni (Mr. Anderson) when he spoke about tax reductions. He said:

One must say where the spending can be cut down.

He went on to say:

The people of Canada should be shown where reductions can be implemented—

Many of the government members have said that there is no such thing as tax reductions, that there is no way we can cut down on government expenditures, no way we can cut down on growth, that it is an absolute impossibility. They made that point very clearly on February 2, 1978, and they also made that point very clear two weeks ago when we had a debate on a review of Canada's tax structure. They are against tax reductions and they say there is no possible way in which taxes can be cut down or reduced.

So what did we hear last Friday? We heard an announcement which appeared in the *Ottawa Citizen* and is as follows: Cut costs \$500 million, every department asked.

Prime Minister Trudeau has asked all federal departments to come up with program cutbacks that can slice \$500 million from this year's budget.

It is obvious that the Liberal party is divided. In speech after speech and debate after debate month after month they have told us it is absolutely impossible to cut anything, so how can the Prime Minister (Mr. Trudeau) ask the different departments to cut costs by \$500 million? This is obviously more window dressing. The article goes on to state:

A letter circulated on May 23 asks all departments to notify Treasury Board as soon as possible which expenditure cuts can be made so reductions can be announced this summer and early fall.

Where is the cohesion in the Liberal party? I read the speech by the Minister of Finance (Mr. Chrétien) made in Toronto on June 5 in which he stated the following to the Canadian Manufacturers' Association:

I want to suggest to you today that in half a dozen vital respects the government is doing things that are contributing to a better business climate in this country.