

Federal-Provincial Fiscal Arrangements

I will quote certain documents and let Quebecers draw their own conclusions, for let us not forget that the agreement is followed by an annex applicable to Quebec. Again, I am eager to read that annex, which is not too lengthy, so that all can be aware of it. Chapter 27 of Bill C-16, assented to on May 13, 1942, reads in part as follows:

• (1540)

ANNEX

Draft of the proposed agreement between the Governments of the Dominion and of the Province of Quebec

Memorandum of agreement made this day of
1942.

Between:

The Government of the Dominion of Canada (hereinafter called "The Dominion"), represented herein by the Honourable James Lorimer Ilesley, Minister of Finance, of the First Part

and:

The Government of the Province of Quebec (hereinafter called "The Province"), represented herein by the Honourable James Arthur Mathewson, Provincial Treasurer, of the Second Part.

WHEREAS the Dominion and the Province and certain municipalities in Quebec have been levying taxes upon incomes and upon corporations, and

WHEREAS it is expedient during the continuation of the present war and for a certain re-adjustment period thereafter that the Dominion only should levy such taxes, and

WHEREAS the Province has agreed to suspend temporarily the levying and collection of such taxes, subject to the provisions hereinafter contained, and

WHEREAS the Province shall not, by agreeing, as hereinafter provided, to desist from imposing certain taxes during the term of this agreement, be deemed to have surrendered, abandoned or given over to the Dominion any of the powers, rights, privileges or authority vested in the Province under the provisions of The British North America Act, 1867, or any subsequent Act of the Parliament of the United Kingdom, or to have otherwise impaired any of such powers, rights, privileges or authority, and

WHEREAS the Parliament of Canada has provided funds for the payments which will be due to the Province—

10. The Dominion will pay to the Province in respect of each fiscal year of the Province during the term of the agreement, the sum of \$20,586,074.56 computed as set out in Appendix D—

Mr. Speaker, on reading section 23 which deals with the termination of this agreement, one has the surprise of one's life. I quote:

23. (1) This agreement shall continue in force until and terminate on the last day of the fiscal year of the Province ending nearest to the thirty-first day of December in the first calendar year which begins after the date of the cessation of hostilities, complete or substantial, between the Dominion of Canada and Germany, Italy and Japan, unless sooner terminated pursuant to the provisions hereof.

(2) The Dominion shall, exercising its best judgment on all the available facts, fairly determine the date of such cessation of hostilities, complete or substantial, and shall thereupon give notice to the Province, specifying such date so determined, which shall thereafter, for the purposes of this agreement, be deemed to be the date of the cessation of hostilities, complete or substantial, between the Dominion of Canada and Germany, Italy and Japan.

(3) If at any time, no such notice having been given, the Province is of the opinion that the aforesaid hostilities have ceased, completely or substantially, the Province may request the Dominion to call a conference of the Provinces and the Dominion for the purpose of consulting together as to whether the aforesaid hostilities have in fact ceased, completely or substantially and, if so, on what date. Upon receipt of such request, the Dominion will forth-

[Mr. Gauthier.]

with call such conference and will thereafter give the notice hereinbefore provided for at such time and specifying such date as the Dominion deems proper having regard to the views expressed at the said conference and to the obligation of the Dominion to exercise its best judgment on all the available facts and fairly to determine the date of the cessation of hostilities, complete or substantial.

(5) The Province may terminate this agreement on the thirty-first day of March of any year, if notice of intention to do so is given in writing to the Minister thirty days before such date.

I am also wondering, Mr. Speaker, what kind of jokers we are dealing with. For 30 years, Quebec ministers and premiers have been clamouring right and left: Ottawa should restore our taxation rights and we would be in a position to administer.

Has anyone ever read that section (5)?

According to what I have just quoted, there were three procedures to bring the 1942 agreement to an end. First, the federal government could have declared that the hostilities were over and annulled the agreement, returning to the provinces the three basic taxation fields which it had borrowed. Second, the province of Quebec, through its government, could have asked the federal government to call a conference, in order to cancel the agreement. Third, Quebec alone could have directly annulled the agreement on March 31 of any year by notifying the minister in writing that it intended to take back its taxation rights.

Those are the facts. They can keep on blaming Ottawa for not having stated that the hostilities were over and for having continued to use it in Quebec as a bone of contention, but sincerely, has the provincial government ever asked the federal government to call a conference to bring the agreement to an end? Never. And what is worse still, has Quebec, through its premier or any other of its ministers, ever given Ottawa an official notice that it was putting an end to the agreement, as was its right? What sort of game have all our premiers of all parties, who have succeeded each other for 30 years, played in front of the people of Quebec?

What was done by the technocrats who were then advising governments? I could name some who today are preaching revolution, when they knew very well that there was no need for it, that it was a simple question of sending a letter to Ottawa in order to terminate the 1942 agreement.

What did some former Quebec ministers do when they were in power? Did they lack the courage to tell the people how easy it was to opt out of agreements without resorting to separatism? It was all so easy. Yet no one wanted to stick his neck out. They preferred to clamour against Ottawa, whilst pocketing the millions which went and still go to the provincial treasury. It was so much simpler so. Always the rule of the least effort.

But do Quebecers and their government realize what a quandary they have created for representatives of Quebec in the federal Parliament? Are we to refuse outright the equalization payments and all the money coming to our province under the terms of past agreements? A majority in Parliament would be required, and we do not have it.

The federal government has reneged on its promise, that is a fact. But Quebec has done nothing concrete to protect its autonomy and Quebecers must be made aware of that. Not only has Quebec done nothing, but every five