

Dominion-Provincial Relations

Accordingly, Mr. Chairman, taxpayers will be called upon to complete only one income tax return in the case of provinces that choose to take advantage of this free federal service. Therefore the individual taxpayer has no reason to fear that he is going to be called upon to make two returns. In these cases he will be required to make only one return, and we are doing everything in our power to simplify that return and the division of the tax between the federal and provincial governments.

The argument that there should be only a federal tax in this field has been put forward with some degree of ardour in the past by socialists who see in this element a means of centralizing power in the federal government and concentrating power at Ottawa. I am glad this bill gives us an opportunity to provide an effective bulwark against that kind of attempted centralization. So I think it is quite clear, Mr. Chairman, that these attempts to frighten people by talking about a tax jungle have no basis whatever.

The other point that has been put forward previously in this regard, particularly by socialists, has been that the federal government can maintain greater fiscal control over the economy if it has within its power the exclusive right to impose taxes and to reduce or increase them according to the economic conditions prevailing. These arguments may possibly have had some validity years ago, let us say 20 years ago, but they have not nearly as much validity today when tax rates both in the personal and corporation tax fields are as high as they are. That argument flourished years ago when the corporation tax was only a fraction of what it is today, and the same is true of the personal income tax in those days.

However, be that as it may, Mr. Chairman, it should be borne in mind that this progressive withdrawal of the federal government is in the personal income tax field. The federal government under this proposal extends to the provinces the same abatement in relation to the corporation tax that has applied during the past five years.

Finally, Mr. Chairman, the hon. member for Laurier asked me certain questions with regard to what the provinces of Quebec and Ontario would receive both in the first year and in succeeding years. As to the succeeding years, Mr. Chairman, that will depend entirely, of course, upon circumstances. It will depend upon the tax yields, and this in turn depends upon the incomes that persons and corporations will earn in those succeeding years. It will depend upon the rate of growth in the economy. It will depend upon the size of the gross national product. Therefore this will have to be a matter of estimate

[Mr. Fleming (Eglinton).]

and the farther away from the particular year concerned the more difficult it will be to put forward a reliable estimate. However, in table No. 3 on page 7927 of *Hansard* we have put forward the best estimate we have been able to make as to the yields to the provinces in the fiscal year 1962-63. If the hon. member will examine that table he will see the answers to his questions.

Mr. Chevrier: Is the Minister of Finance not in a position to give in dollars and cents the amount of money that the province of Quebec will receive under this scheme in the first year and then over the succeeding four years?

Mr. Fleming (Eglinton): I have already given the information with respect to next year. It is there on page 7927. I also dwelt on this subject at some length yesterday. My remarks as found on page 9017 will indicate that I dwelt on this subject with respect to the figures for the province of Quebec.

Mr. Chevrier: I remember what the minister said, and he has repeated it today in answer to my colleague the hon. member for Bonavista-Twillingate. But the point I want to make to the minister is this. Table No. 3 page 7927 of *Hansard* for July 11, 1961 is a hypothetical illustration of provincial revenues for the year 1962-63 under the new formula. If the minister is able to do that for the first year under the new formula, why can he not project it over the full period until 1966 under the new formula?

Mr. Fleming (Eglinton): I have already said that the farther away one is from the year concerned the more difficult it becomes to project. We have gone as far as we prudently can in offering this projection for the year 1962-63. It must be taken subject to the obvious limitations. We have done the best we can to calculate what this might be in the light of what might reasonably be expected to be the tax yields next year. But if you go beyond that you are getting farther and farther away from the present time, and any projection of that kind has less and less validity the farther you project it into the future. I do not wish to be in the position of being accused later on of misleading the house if the actual figures should be higher or lower than those put forward in any projection that we might attempt to make now. Table No. 3 on page 7927 is the best estimate that we have been able to compile for the fiscal year 1962-63 and, as I say, it must be taken subject to the obvious limitations of the situation.

Mr. Chevrier: I am familiar with table No. 3. I have glanced over it several times,