

Income Tax Act

I do not see why the minister should be so coy because he has already stated publicly, in other forums, that the government necessarily will have to raise more taxes to make up for these revenues that are being lost. If that is the minister's intention, I do not believe he is revealing any of the secrets of future budgets by so declaring. At least we know that the government is studying some of these things. I am satisfied he has gone as far as he can go under the circumstances.

I do not know if the minister can answer this question, but according to a speech he delivered in Winnipeg, I believe, the other day he seemed to think the only way to make up the lost revenue would be to impose additional taxes. I am wondering if he is still of that opinion.

Mr. Gordon: I did not give that impression, I believe, in a speech I made in Vancouver, not Winnipeg. I gave the three choices that I have just outlined to my hon. friend and I think, I can almost say I am certain, that I did not indicate which of these the government was following.

Mr. Martineau: Perhaps once again, he has been misquoted by the press.

Mr. Gordon: I do not think so.

[Translation]

Mr. Pigeon: Mr. Chairman, just a word to say that there is dissatisfaction at the present time among Canadian provinces, since they need further financial resources in order to provide for their educational, economic and social services. I would even say that Canada is now experiencing a political crisis, and I am asking the minister whether he agrees with Messrs. Lévesque, Gérin-Lajoie and Pierre Laporte, ministers of the province of Quebec, who hope and advocate that in the near future Quebec will become an associate state. If those responsible ministers use such terms, it is surely because they are not satisfied with the policy of the federal government towards the provinces, and more especially toward the province of Quebec.

I therefore ask the minister whether he thinks it would be in Canada's interest that the province of Quebec become an associate state, as advocated by those three ministers?

The Chairman: Order.

Mr. Pigeon: I would be very pleased to know the opinion of the Minister of Finance on this matter.

The Chairman: The minister may give his opinion on the subject, but I am afraid that the question, as asked, even though the hon. member for Pontiac-Témiscamingue (Mr. Martineau) seems on the point of expressing

[Mr. Martineau.]

an opposite view, goes beyond the limits of the item now under discussion.

Mr. Martineau: I was going to suggest that if the Minister of Finance is unwilling to answer, the hon. member for Drummond-Arthabaska (Mr. Pepin) might give a reply.

Mr. Pigeon: I have asked that question because there is unrest at the present time within the provinces and more particularly in the province of Quebec as regards the taxation basis sharing plan, as the provinces are not satisfied. Taxes are constantly increasing. The sales tax has reached 6 per cent and it is levied on a uniform basis in the province of Quebec. The provinces need sources of income. As far as the province of Quebec is concerned, when responsible ministers of the provincial government, friends of the Minister of Finance, speak about an associate state, it means that they are not satisfied—

The Chairman: I presume that the hon. member for Joliette-L'Assomption-Montcalm rose on a point of order. I realize that perhaps the Minister of Finance is ready to give an answer to the original question.

Mr. Pigeon: He was ready to answer my question.

[Text]

Mr. Gordon: I am not quite clear as to the connection between certain alleged statements by certain provincial ministers and this particular clause. Perhaps there is a tenuous connection, I do not know. In any event, I am not prepared to comment on what the ministers of another government, even the government of Quebec, might have said on some other occasion.

Clause agreed to.

Clauses 10 and 11 agreed to.

On clause 12—*Special tax rate.*

Mr. Lambert: I know that at the resolution stage and on second reading, Mr. Chairman, I raised some question about the motivation for this return to the 15 per cent. Actually I would call this amendment the yo-yo amendment because in 1962 the rate was 15 per cent. Last year, over the protests of members on this side of the house and many other people, it was increased to 20 per cent. Now, we are back to 15 per cent. Perhaps the minister could give us an explanation as to why the rate is now being returned to 15 per cent.

Mr. Gordon: This is a consequential amendment, of course, Mr. Chairman. If my hon. friend recalls, this tax rate was increased from 5 per cent to 15 per cent in December