

The Budget—Mr. Arsenault

The people of the maritime and western provinces of Canada, who have the same right to be called Canadians as we have, have often and strongly objected to being thus deprived of sources of revenue essential to the good administration of their provinces, owing to the unfair situation I have just mentioned and from which they have had to suffer since it is a result of the economic centralization which exists in our country. And that is why we have rich provinces, provinces less rich and poor provinces.

The principle which is followed by the Canadian government in the distribution of old age pensions, family allowances and other social security benefits amongst the people of our country is exactly the same on which is based a fair distribution of the tax proceeds between the federal government and the provinces, through financial agreements.

Economically strong and developed countries subscribe millions to the United Nations and the Colombo plan in order to assist economically weak and underdeveloped nations.

We should all the more, it seems to me, endeavour to regulate our own country's economy by helping out those of our Canadian provinces which, for reasons beyond their control, happen to be economically weaker. Besides, the companies whose head offices are located in Toronto and Montreal find their markets in those very provinces.

Within the field of its jurisdiction the government of the province of Quebec acts no differently. The government, through taxation, collects money where it is to be found, in the richer counties of the province and distributes it, in the form of subsidies or public works, in the counties where money is less plentiful.

As there are in Canada provinces which are wealthy, some which are less favoured, and some which are poor, there are also in the province of Quebec counties which are wealthy, some which are less favoured, and some which are poor.

For example, taxes collected from rich taxpayers on the island of Montreal cover a large share of the cost of the construction of roads, bridges, and other highway work, and of the improvement of provincial public services in the poorer sections of the province.

Mr. Abbott: That is true indeed.

Mr. Arsenault: Would the present opponents of fiscal agreements between the Canadian government and the provinces, who in the past have declared themselves firmly

[Mr. Arsenault.]

opposed to our beneficial social security measures, by any chance wish for the establishment in Canada and more specifically in the province of Quebec of the conditions which prevail in other countries, where opulence in its most arrogant form disdainfully looks down at poverty in its lowest depth.

Would they like to see, through social discrimination between citizens of the same nation, communism become deeply rooted in Canada, as unfortunately it is already in too many countries of the world, before the government of our country recognizes its duties towards the Canadian people as a whole?

At the beginning of the last war, all the provinces of Canada agreed, in return for financial compensations, to relinquish for a time their concurrent rights to personal and corporation income taxes.

If these wartime fiscal agreements were considered necessary to control our country's economy at the very moment when, to fight nazi dictatorship, the federal government was levying barely \$500 million a year for national defence, how much more indispensable should be today the co-operation granted by all the provinces of our confederation to the government of the nation, when, in order to fight communism, a dictatorship one hundred times worse than Hitler's, the Canadian parliament is forced to levy an enormous amount of more than \$2,000 million a year to meet the heavy requirements of national defence.

And that is also why, ever since 1945, the Canadian government has submitted to the provinces a series of fiscal agreements meant to replace the wartime taxation agreements. Having seriously studied the scope of these new draft agreements and having submitted in turn their own suggestions to the federal government, every province in this country, with the sole exception of Quebec, reached an agreement with the latter administration.

But even had it not chosen to co-operate with the federal government on the same basis as the other provinces, the Quebec government, as early as 1947, could have taken advantage of a section of the federal income tax legislation under the terms of which it was authorized to retain for its own use 5 per cent of the total amount of federal income tax levied in the province of Quebec, that is, from \$12 to \$13 million annually.

Here again the province of Quebec—and in doing so it was quite within its rights—