

The Address—Mr. Caouette

rights, so it can develop according to the needs and aspirations of the French Canadian people of Quebec, as we wish the other provinces to develop according to their needs and aspirations. That is what we call a status of equality.

Respecting a new constitution, the Cr ditistes also request for the province of Quebec: control over its foreign trade; control over its immigration and finally control over its tax sources.

I do not wish to discuss those claims in detail, but, Mr. Speaker, I find it strange that this government did not suggest, in the speech from the throne, any measure to hand back to the provinces those taxation fields which belong to them. Not 25 or 30 per cent, but a complete handing over of their taxation fields, of those rights which are theirs.

During the period which preceded the second world war, it seemed that the sharing of the fiscal basis among the various governments was more equitable, particularly when the provinces and the municipalities indulged in a policy of laissez-faire.

From 1926 to 1939, Ottawa got 46.2 per cent of all tax revenues; the provinces 17.9 per cent, and the municipalities 35.9 per cent.

During the war, at the request of Ottawa, as stated by Right Hon. Mackenzie King and the hon. member for St. Maurice-Lafleche (Mr. Chr tien), the provinces and the municipalities gave up or leased their taxation fields to the federal government.

But with the war and greater activity by the other levels of government in various sectors of the economy, the revenues of all governments registered an increase in the use of the gross national product. For instance, between 1926 and 1939, that is a period of 13 years, total revenue of all three levels of government accounted for 14 to 22 per cent of the gross national product.

This proportion exceeded 28 per cent during the war and reached 30 per cent of the G.N.P. in 1962.

The federal government kept for itself practically all that increased income. While its income was equal to almost 7 per cent of the G.N.P. before the war, it had reached 17 per cent in these last few years. Before the war the percentage of the G.N.P. available to the provinces and the municipalities was equal to that of the federal government; but since 1947 it is less than 5 per cent. The increase in direct and indirect taxes favoured almost solely the federal government to the detriment of the provinces and the municipalities.

[Mr. Caouette.]

This is how during the 1957-62 period the federal government took over 62.7 per cent of all the taxation revenue while the provinces received 20.8 per cent and the municipalities only 16.5 per cent.

Mr. Jean Lesage was, therefore, justified in stating at the 1963 federal-provincial conference that the fiscal arrangements which brought about this situation were supposed to be only temporary and were to be revised.

In 1963, there is no longer any state of war and the economic problems are different from those facing Canada after 1950. Since then, the needs of the provinces have gained prior claim over those of the federal government.

And what had been the requests of Quebec? Here are the very words of Mr. Lesage:

We are asking once again as minimum taxing powers: 25 per cent of personal income tax; 25 per cent of corporate income tax, and 100 per cent of the estate duty taxes, since estates come under provincial jurisdiction. Consequently, it is logical that taxes on donations *inter vivos* should devolve on the provinces, since such donations are of the same nature as estates.

Mr. Lesage asked for little compared to what we are entitled to. If he had acted in the true interests of his province, it is not 25 per cent of what belongs to Quebec that Mr. Lesage would have claimed, but indeed 100 per cent; that is what was claimed by the Cr ditistes.

Actually, Mr. Lesage claimed \$150 million; he got \$40 million, with the promise that he would get more in the years ahead.

As Fran ois-Albert Angers wrote in *L'Action Nationale*:

Mr. Lesage has come back empty-handed from the federal-provincial conference held in Ottawa.

And why did Mr. Lesage come back empty-handed? Simply because he recognized the priority of centralization mechanisms, as Mr. Angers says.

Mr. Lesage, in negotiating with Ottawa, always offers two alternatives. He asks Ottawa to give him more money for his own purposes or to grant him additional powers. Ottawa's reaction is immediate. It gives in on monetary questions but keeps the rest, powers included. Meanwhile, Mr. Lesage places himself in an illogical position right from the start. On the one hand, he asks for more money under the equalization formula and, on the other, he takes away from the federal government the sources of revenue necessary for the equalization payments.

Mr. Lesage had asked that Quebec be allowed to withdraw from certain joint programs and that it receive a fiscal equivalent instead.