

Interim Supply

ideas; he seeks to achieve a balance between the provincial needs and the resources of the federal treasury.

Therefore, he is quite satisfied with the great diplomacy showed by the right hon. Prime Minister of Canada.

Last Sunday, during a radio program in my riding, I asked taxpayers whether they were satisfied to see that the \$150 million claimed by the Quebec premier in his ultimatum of April 5 last had come down to \$42 million during the federal-provincial conference. I asked then whether they considered reasonable the allegations of the minister of education, Mr. Gerin-Lajoie, claiming that within three years, \$500 million at least will have to be devoted to education in the province of Quebec.

My question was as follows: From now on, shall we build schools in the province of Quebec with Quebec unemployed, with materials supplied by the country or the province of Quebec, and pay for them with diplomacy?

I also direct this question to taxpayers today.

In my opinion to claim that the federal-provincial conference was a failure is saying a lot.

I know that some circles are under the influence of economic experts who claim that it is a utopia to talk of monetary matters. It seems more logical to them to waste time dabbling in fiscal matters. Personally, I feel it is much more difficult to solve problems by taking only fiscal matters into consideration, than by rejecting the system that created this economic disagreement and this lack of understanding in economic and political fields in this country, I mean taxation.

Mr. Chairman, whether we like it or not, the province of Quebec must protect its rights in the field of education. That field has been recognized by the Canadian constitution, as one pertaining to the province of Quebec.

If some rights have been yielded, on account of the 1939-1945 world war, on the pretence that priority had to be given the federal government in matters of national defence and commitments entered into at the time we were taking part in that world conflict, 20 years after the end of that conflict it is high time not only that we review the taxation question but that we find a way to remove the seeds of discord resulting from the Canadian taxation problem.

The Prime Minister was saying yesterday that he had imposed nothing, that in the course of his opening speech, he had not even dared make a suggestion, as he wished to let the provincial governments be entirely free to express their opinion.

Representations have been made, most of the provinces have submitted written briefs, but one cannot help but realize the deep contradiction in the views of the provinces on the problem of taxation in Canada. For there is an unquestionable fact: certain provinces cannot, within the framework of the present financial system, obtain the funds they need to contribute normally to the development of Canada as a whole, by developing both their own natural resources and the already existing industrial facilities; they cannot produce fully.

For those provinces, the present tax system, under the equalization formula, may seem adequate to develop their natural resources. However, the procedure is outlandish: promises are being made. The hon. member for Burnaby-Coquitlam (Mr. Douglas) mentioned yesterday that the Liberal party had promised that in the equalization system the revenues of the richest provinces would be taken into consideration.

Now, a conference has just been held during which this was not taken into account and the promises made in the last three or four years have been constantly disregarded.

Even though this could be accepted, I feel it would be doing on a large scale what is actually being done on a small scale. Is it not under the pretext of helping the poor nowadays that the well-to-do are being taxed? Under the pretext of helping the have-nots, the haves are being dispossessed.

Thus, under the pretext of helping certain provinces which are unable alone to reach their full economic and cultural development that they have a right to expect, other sources of income must be sought.

The hon. member I quoted earlier rightly said: A new formula might finally have to be found. I do hope so, moreover, but we did not hear of many suggestions during that famous federal-provincial conference. However, some premiers having a sufficient knowledge of our monetary system and its deficiencies were supposed to attend. We were, therefore, justified in expecting suggestions rather than a battle about taxes around the famous federal-provincial conference table.

I have here the Canada Year Book, 1962, in which the function of the Bank of Canada is concisely stated, I admit it, as follows:

Legislation of 1934 provided for the establishment of a central bank in Canada, the function of which is to regulate credit and currency, to control and protect the external value of the Canadian dollar and to stabilize the level of production—

Perhaps it could be added that it would be a very good thing also to stabilize the intrinsic value of the Canadian dollar.