

Interim Supply

With reference to tax sharing conferences Mr. Lesage said:

"I have no intention of repeating the same—results"—

He left an ominous but undefined "or else".

What does that mean?

Then Mr. Levesque had something to say, which is reported in the *Montreal Gazette* for April 25 as follows:

Natural resources minister Levesque said last night acceptance of Quebec's tax ultimatum by the federal government is "probably the last remaining chance" for confederation.

He warned that if the new federal government fails to act within 12 months on the "minimum demands" on tax sharing spelled out by premier Lesage in his budget speech of April 5, "I think the supreme chance for confederation will have been lost—and for good".

The other day I asked the question, before I had seen the attitude which was being taken by the premier of Quebec, whether or not the ultimatum would be accepted by the federal government. No objection was taken then; but it was said earlier today that there was not an ultimatum. I have before me *La Presse* for November 22 which says:

M. Lesage retire son ultimatum.

"Mr. Lesage withdraws his ultimatum." Is that not a strange thing, Mr. Chairman? From fire and brimstone in April to honeyed words in November. I find it difficult to understand this change. Were the arrangements made as the premier of Quebec and the leader of the Liberal party met two or three days before the election? Were the arrangements made while the premier of Quebec, full of fire and fury, was saying these things?

At the same time, an arrangement was being made between these two: Don't worry about it; all will be well. The fury and the forcefulness of April suddenly became the joyfulness of November. Indeed, he has not secured the things he said he was going to get—"or else". He ended the conference by saying: I will be with you next May or June, or whenever the next election comes around. Is that not the strangest transformation in all history? He said: I will support them; this is so good that I will stand with them whenever the next election comes.

What happened? What happened in the intervening months? Why did this change take place? I read in Saturday's issue of *Le Devoir*: "Lesage is unhappy but he intends to recoup in March". So that is the beginning of the story which is so difficult to understand. Why the earlier ultimatum? Why the subsequent retreat? The Prime Minister says this is a good deal. He says the premiers were not all happy about it. Mr. Speaker, the honey may be sweet at this time, but the bee will sting. Oh, it is an interesting revelation. If only the Prime Minister would just be frank and tell

[Mr. Diefenbaker.]

us what they did as they sat down together to bring about this metamorphosis in the thinking of the premier of Quebec.

Today, the right hon. gentleman says this is a fine deal which has been brought about on equalization. He says the purpose of these grants is to bring about an equalization in the per capita revenue of the provinces from direct taxes. He promised that equalization revenues would bring the recipients up to the position of the highest provinces. That was the undertaking. That was the promise. I have it here in two or three places. Why the change? What came about? Well, he said, it came about because, in an attitude of mutual respect, we discussed these matters. He undertook that the equalization would be carried out on the basis of the per capita taxes of the highest province in Canada. A while ago he gave us the results which would have flowed from the carrying out of that promise. He said we were wrong in what we did with regard to equalization, and he undertook to make a change, an undertaking from which he has now completely retreated. It is difficult to understand what may have happened in the course of the last few weeks to bring about this change.

In 1961, the Liberal convention said equalization should be on the basis of the highest province. All through the election campaign the right hon. gentleman said this, and those sitting around him said the same thing. When he went to the conference the other day he said he thought this was the proper course. This evening he gave a record of what the distribution of the moneys would have been had he followed that course. Why the change? Today he would have us believe it came about as a result of consultation. A few weeks ago he indicated the hopes ahead of this conference: Canadian federalism to be fixed up for a generation. This evening he admits that what has been done is simply a makeshift, an improvisation and a postponement for another year. That admission indicates that this government does not yet know where it is going on this problem. But it does know that it has no intention of carrying out the undertaking which it made from 1959 and 1960 to the election in 1962 and 1963. What has been the distribution? It is a case, after all, of the mountain in labour which brought forth a mouse. Eighty seven million dollars—

Mr. Pickersgill: Is that a mouse?

Mr. Diefenbaker: It is, compared with the larger animal envisaged by Mr. Lesage. He said he was going to get \$150 million as a minimum. What the total for Canada would have been, had he done so, I leave to those who know something of billions. The right