

Dominion-Provincial Relations

system of university grants, the total sum which is equal to \$1.50 per capita, that is, in each "prescribed province"—to use the very terms of the legislation—corporations taxable in that province under provincial law will benefit on their income from a federal tax exemption equal to that amount.

The principle of the bill is therefore as follows:

1. The application of chapter 29 of the 1956 statutes, 4-5 Elizabeth II, will be extended until 1962.

2. The province of Quebec and any other province that will levy on corporations a tax amounting up to 10 per cent of the federal tax will constitute, under the act a "prescribed" province if, on the other hand, there exists in that province an arrangement whereby it pays grants to its universities on the basis of at least \$1.50 per capita.

Since it has been in office, the Conservative government has had to solve many problems left unsolved by the Liberal government. Nobody can, in good faith, blame it if it was compelled to put off until this session legislation designed to remedy a situation brought about by the Liberal government in relation to federal grants to universities.

Can the government be fairly blamed for introducing compromise legislation? Not a compromise with the government of the province of Quebec, but a compromise between the opinion of the people of Quebec, who consider as unconstitutional any form of federal grants to universities, and the opinion of Canadians in general of other provinces, who consider that the federal government has responsibilities and duties towards Canadian universities.

In other words, what is this government doing if not taking into account, in this bill, the objections put forth by Quebec?

Can the government be fairly blamed for taking into account also the opinion and requirements of the majority of the people of Canada?

That is the heart of the problem, Mr. Speaker. I humbly submit that too many Canadians are unaware of the basic elements of the Canadian fact, when they suggest solutions to a national problem. Too many Canadians are unaware of the fact that there are, in Canada, two cultures, two modes of thought very different one from the other. Our Liberal friends argue that Canadian universities in general made their needs known to the Massey commission. But that

[Mr. Johnson.]

was precisely the basic mistake of the Massey report: it attempted to codify the standards of a Canadian culture and to make an inventory of the means to finance it, without taking into account the constitutional problems that the suggested solutions were likely to involve.

Having ignored the fundamental requirements of our federative system, when they sought to implement the recommendations of the Massey commission about universities, the Liberals created a new problem which further complicated that of federal-provincial fiscal relations. The Liberals knew they would meet with opposition from the Quebec government. Why then did they not try to establish a system that would have made allowance for this opposition which, in those circumstances, was legitimate? Having committed itself in this way, the Liberal government held fast to its position, and never tried to introduce legislation that would establish a system which would take into account the objections of Quebec and the requirements of the population of the other provinces. It was the great merit of this government that it took into account those views which, let us admit it, are diametrically opposed.

What is the attitude the Liberals would want us to take? To please them we would have to denounce this bill and, consequently, reject the compromise. What would be the consequences if we were to reject this compromise? They would accuse us of trying to thrust our views upon the rest of the country.

Mr. Speaker, we will certainly not play into the hands of the Liberals. We stick to our views concerning the unconstitutionality of federal grants to universities, but we appreciate that the federal government could not cease to offer grants to Quebec universities without legislating in such a way that Quebec taxpayers, in this case the corporations subject to the provincial corporation income tax, would not be doubly taxed.

On the other hand, the central government, in view of its fiscal agreements with the nine other provinces of Canada, could not offer a solution that would have had the effect of throwing its whole system of tax agreements out of balance before it expires in 1962.

There was only one way out, namely to offer an alternative to every province. What Liberals regard as a limitation placed on the autonomy of the provinces is only, in fact, a provision designed to preserve the fiscal balance provided by the act on arrangements between the government and other provinces of the country. Moreover, and I emphasize this, this act is valid only until 1962.