

Dominion-Provincial Relations

a basis for the negotiations initiated between your government and ours with a view to finding a solution to the thorny problems which you inherited and to avoid increased taxation for the corporations operating in the province of Quebec.

The universities and the government of the province of Quebec having refused the sums offered by the federal government because they could not recognize to the latter, under the British North America Act, the authority to participate in the formulation of a policy concerning education, the government of Quebec must accordingly reaffirm its position on this subject.

In order to make available to the universities the funds which they require fully to play their part and to meet their obligations, the province of Quebec has decided to exercise its right of raising from 9 per cent to 10 per cent the tax on the profits of corporations. We are relying, as you stated in your letter of December 22nd last, on your assurance that the federal government will allow to such corporations an equivalent abatement as from April 1st, 1960 and this for the two years' period ending on March 31st, 1962.

The grant of \$1.50 per capita which the federal government offers to the universities through the Canadian universities' conference will accordingly cease in so far as the province of Quebec's universities are concerned.

After a further consideration of our universities' requirements, the province of Quebec has also decided, subject to the approval of the legislature, to provide for them, in addition to the considerable appropriations already included in its budget for the 1960-61 fiscal year, additional grants substantially in excess of \$1.50 per capita, regardless of the outcome of the negotiations between the federal government and Quebec's provincial government.

We understand, as the Honourable Paul Sauvé indicated in the letter which he addressed to you on December 14th last, that if adjustments must be made, your government and ours will come to an agreement on this subject.

Inasmuch as the entire problem of the fiscal relations between the federal government and the provinces must be re-examined as a whole before April 1st, 1962, it is fully understood that this agreement is temporary and that it will remain in force only during the next two fiscal periods beginning on April 1st, 1960.

My colleagues of the provincial cabinet and myself hope that we shall soon be in a position to announce that, in so far as the contributions offered by the Canadian universities' conference are concerned, your government and ours have come to an agreement recognizing the provincial government's exclusive jurisdiction in this sphere.

As regards the amounts which have been accumulated in trust or otherwise and which represent the total of the grants which our universities did not claim, we are prepared to initiate with you such negotiations as may be necessary in pursuance of the legislation which will be submitted to the Quebec parliament during the present session.

Yours sincerely,
Antonio Barrette.

Mr. Pickersgill: Will the minister permit a question on the context of that letter?

Mr. Fleming (Eglinton): May I complete the reading of the correspondence?

Mr. Pickersgill: It is just a short question. I was just asking the minister whether I correctly heard him read from the premier's

letter a reference to an agreement. If he did so, will he read that sentence again? I did not catch it.

Mr. Fleming (Eglinton): It is on the record. The hon. member's colleague has a copy of the letter there. The next letter was written by the Prime Minister of Canada on February 2, addressed to Premier Barrette and reads as follows:

My dear Prime Minister:

I appreciate the constructive suggestions contained in your letter of January 21, and believe that they provide the basis for discussions which will assure agreement on the several aspects of grants to universities.

I am glad to learn that your government agrees to the general principle for settlement of the problem and if further clarification is needed to secure agreement in detail I feel that the best course to adopt would be to have early discussions between representatives of the two governments. If you are agreeable to such discussions I shall name the Honourable Donald M. Fleming to represent the federal government, and I await your reply as to when such a meeting can be arranged.

To that letter, the premier of Quebec replied on February 5, as follows:

My dear Prime Minister,

I have just received your letter of February 3rd in reply to the communication which I had recently addressed to you regarding the negotiations undertaken a few weeks ago between your government and ours on the subject of the grants to the Quebec universities.

The suggestion which you make that I should meet the Honourable Donald M. Fleming, acting as representative of the Federal Government, and the speed with which you have replied to my letter, allow me—I presume—to anticipate that very soon you and I will be in a position to announce that the already expressed hope of a settlement regarding the grants to the universities has been realized.

Subject to a few hours' notice, I shall accordingly be very happy to meet the Honourable Mr. Fleming at his convenience at Quebec if it can be arranged.

I might be able to meet your representative in Montreal, but I could hardly state for certain when such a meeting could take place inasmuch as I am continually retained in Quebec during the session, which is now reaching its most active period.

If the Honourable Mr. Fleming is prepared to come to Quebec I should be extremely thankful if he would accept my invitation, and I would reiterate that for the reasons which I have just explained I am very sorry to be unable to meet him half-way.

Sincerely yours,
Antonio Barrette

That is the complete correspondence between the two governments. There is nothing else at all in writing between the two governments.

Following receipt of that final letter from Premier Barrette—

Mr. Pickersgill: Would the minister permit a question about the correspondence he has