

Income Tax—Deduction of Quebec Tax

Another point to be emphasized is this: the total grants given to the other provinces by the federal government amount to \$322 million, and the taxpayers of the province of Quebec contribute part of this amount—perhaps not to the same extent as the others, but at least they do contribute some part of it.

In 1953, the central government levied \$700 million in taxes in the province of Quebec, that is, \$296 million in direct income taxes and \$400 million in corporation taxes.

It is readily understood that the federal government cannot hand back to each province an amount equal to that paid in income tax by the population of these provinces, but, just the same, it is to be noted that all the provinces which have signed these agreements get more than if they had not signed them. Consequently, the federal government feels that it has to maintain its taxes at a very high level, and these taxes bear as heavily on the people of Quebec as on the people of the other provinces, but the province does not benefit by them. It follows therefore from that the province of Quebec gets less than all the other provinces because it has refused to sign an agreement with the federal government. Now, if the province of Quebec does not sign an agreement, it is because it does not want to hand over its taxation rights but wants to preserve its autonomy in order to better safeguard its traditions, its tongue and its religion, or because it simply wants to be its own master.

Besides, the Minister of Finance (Mr. Abbott) admitted in 1946 that these famous fiscal agreements could place a province that did not sign them in an inferior position from a financial standpoint, in relation to the other provinces, and that is why he allowed the provinces who refused to sign an agreement to deduct 5 per cent. Why that 5 per cent? Well, it is only because the federal government realized that it had no right to place in an inferior position the citizens of a province which refused to submit to that centralizing campaign the federal government is carrying on since 1946. The government of the province of Quebec did not make use of this 5 per cent, and thus has left since 1946 to the federal government an amount of \$56 million. This is certainly not the time to refuse the deduction of \$22 or \$25 million during three years, when the population of Quebec have left here, in Ottawa, a sum of \$56 million. If we add another period of three years at 5 per cent to these \$56 million, well, we come to a figure of almost \$90 million. Now, all the provincial government is asking is to deduct about \$66 million during three years. The federal government would

find itself still richer by \$28 million, if the people of the province of Quebec were permitted to deduct the provincial tax. As to the provincial government, it would be richer by \$22 million and the citizens of Quebec province would not be submitted to double taxation.

Mr. Breton: Will the hon. member allow me to ask him two questions?

Mr. Balcer: If I may finish my speech, I shall permit questions later. The result of the government's refusal—

Mr. Dupuis: Don't disturb his master's voice.

Mr. Balcer: Are you speaking for your son in this house?

Mr. Dupuis: I beg your pardon?

Mr. Balcer: Mr. Speaker, the federal government's refusal is such as to put the Quebec taxpayer in an unfavourable position compared to the rest of the population. Quebec taxpayers are placed in a position of inferiority because they believe in autonomy, because they feel that it is for them the surest way to make certain that their legislation will always reflect the will of the majority of the population of Quebec.

Of course, I know that, for many members of this house, provincial autonomy is a fear that should not exist, and so on. I know many members opposite who would be delighted to see provincial governments disappear completely.

Some hon. Members: Oh, oh!

Some hon. Members: Shame! Shame!

Mr. Balcer: They prove it by their silence on this question.

Mr. Dupuis: A real joke!

Mr. Balcer: The province of Quebec wants the federal government to acknowledge the autonomy of the provincial government. We, of the province of Quebec, do not wish to force it upon other provinces; we do not want to take away one single cent of the money the other provinces may receive from the federal government. Even if this deductibility were granted, no other province would stand to lose one cent of service from the federal government. On the other hand, the people of Quebec have the right to ask the people of other parts of the country to respect their views on the matter, especially when it does not cost them a cent.

The policy of the federal government which aims at doing its utmost to compel the province of Quebec by the blackmail involved in these grand federal-provincial agreements puts the citizens of Quebec in a false position.