

provinces to believe that the federal government is doing this in a fair and equitable manner and not by getting out the big club or riding roughshod over the provinces.

I say to the Minister of Finance that of course the government can use its majority to pass Bill C-49, amending the Income Tax Act, through this House. This the government can do by virtue of its political muscle. But the Minister of Finance and the government must recognize that it is possible to win the battle but to lose the war, and in the long run it is more important to win the war against economic stagnation, against inflation and against national disunity than it is to win a battle which in the long run could be self-defeating.

Therefore, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That Bill C-49 be not now read a third time but that it be referred back to the committee of the whole House for the purpose of reconsidering clause 4 and clause 7 thereof.

● (1600)

[Translation]

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to make a few remarks before this extremely important bill is given third reading. I am told that credit unions are awaiting this legislation impatiently. I am aware of that, Mr. Speaker, but I also know that the provinces are awaiting impatiently the result of today's vote. I hope they will be favourable to upholding those provincial jurisdictions we stood for so proudly on this side of the House, as did for that matter the hon. member who spoke for me.

Mr. Speaker, we are definitely going to support that amendment as it meshes with our approach based on respect for provincial rights and provincial jurisdictions.

An hon. Member: There are two founding nations in this country.

Mr. La Salle: Yes, there are two founding nations in this country. It was just pointed out to me, Mr. Speaker. Several immigrants also came here to help us build this beautiful country that is Canada, a country that nevertheless still has its problems.

Mr. Speaker, I would like to make a few more comments on Bill C-49. In view of its importance, I am pleased to participate in the last minutes of this debate. As all hon. members, I recognize of course that this bill is quite important for all Canadians and affects all sectors of the taxation area. I recognize that it makes certain benefits available to several thousands of Canadians, and provides the government with necessary funds.

As several comments were made on those very important points, I would like nevertheless to make a few remarks on that clause designed to prevent from now on resource companies from deducting royalties paid to the provinces from their taxable incomes. I think that up until now, Mr. Speaker, several provinces indicated their opposition in that respect. The hon. member who spoke before me pointed that out by moving an amendment, and it is regrettable that the government remained inflexible on the recommendations of the provinces.

I would have thought, Mr. Speaker, that we would answer in the affirmative, that we would wait at the very

Income Tax

least until after the federal-provincial conference which will take place very soon, in order to allow the provinces to discuss that very important point. And the question is why this government refuses to defer those particular clauses affecting the provinces in order to allow them to discuss those powers which this government is granting itself in this bill. Recently, the Minister of Finance (Mr. Turner) unequivocally stated that the provisions on royalties are final and will not be the subject matter of negotiations at the next federal-provincial conference. I regret to be induced to believe that this is an unacceptable centralizing scheme and I think it is important for members to discuss this matter reasonably and objectively this afternoon.

That is the important point of this bill. We can be accused to oppose a legislation which is hardly advantageous as I said earlier, but I believe that the striking feature of the whole bill is that centralizing attitude.

We heard a good deal about viable, profitable federalism. How could we achieve such an objective by introducing a bill unacceptable to the provinces? It could be suggested that it is for the sake of national unity that we passed this legislation. The hon. member who spoke before me raised that point. I believe that if it is in the national interest, we should respect in fact the provincial jurisdiction recognized in our constitution. Then, I say we could speak of provocation and arrogance against the provinces. Undoubtedly, the premiers or the responsible ministers who will meet in the near future will not be prepared to have objective discussions with the federal government.

I should have thought that the federal government has the responsibility for coordinating the efforts of the provinces. We know full well that the provinces, in their own spheres, are making great efforts to solve the problems of their electors. To my mind, it does not behoove the federal government to centralize, and to take unilateral decisions such as the one it is now taking.

In view of the stand taken by the federal government, through which it will be depriving the provinces of considerable income, I say it is "holding-up" the provinces in broad daylight.

Perhaps, I should at this point put this question to hon. members: What are we doing about our responsibilities? Are we going to betray the people in this way? I hope not, Mr. Speaker. We must reflect on that aspect of the matter, and take into account the objections of the provinces to the clauses of the bill they consider unacceptable.

As for those who talk about national interest and the implementation of a workable federal system, I think their attitude only contributes to undermine our system. We discourage the provinces. As I said, they are making efforts considering the increasing number of problems within their respective territories. I also repeat that the federal government's basic responsibility is to co-ordinate rather than to centralize. I deeply regret that most government members have not been successful in urging their own government to respect the wish expressed by the provinces.

The federal government surely needs funds to run the country, but I do not think it should assume alone that responsibility. In my opinion, when it comes to depriving