

Unemployment

let me put a reasonable question. But what I meant by referring to that was that my hon. friend surely must know that he is not quoting the Prime Minister accurately when he makes the statement which he has just made.

Mr. Argue: I will accept the minister's apology and his amended statement. I was not quoting the Prime Minister at all. I was saying that the Prime Minister's statement made in this house on January 17 showed conclusively that the government of which he is the Prime Minister had abandoned its concept of full employment and the concept of the dominion-provincial tax agreements as laid down by the 1945 proposals.

Mr. Martin: My hon. friend is full of confusion today.

Mr. Argue: I still challenge the Minister of National Health and Welfare to make his own speech; I do not think he will—

Mr. Martin: I will surprise you.

Mr. Argue: —because he has no answer; there is no answer.

Mr. Martin: There is no answer?

Mr. Argue: There has been no answer from the government for one month, just silence. The Prime Minister is out on strike. He is sitting in the bleachers because he does not have a policy to deal with the unemployment problem.

The reason I say the government has abandoned its taxation agreement is because of this unilateral move to reduce the income tax paid by taxpayers in a certain province in this country which does not happen to be under the income tax agreements. I suggest that was a retrograde step, no matter whether a reduction had been made in the province in which it was made or in the province of Ontario or of Saskatchewan. When such a reduction is made it is a temptation to the government of Ontario, for example, to suggest that on the basis of the same taxes levied in the province of Quebec, it would be as much as \$34 million financially better off outside the agreement, and is a temptation to some other provinces to get out of the tax agreements, agreements which the government has always said were necessary to provide it with the fiscal strength with which to deal with unemployment.

Suppose the government, as a method of dealing with unemployment, should decide to reduce income tax in order to stimulate purchasing power. If provinces are outside the tax agreement they then have the right under the constitution to increase their own tax by the amount of the reduction made by the federal government in income tax and thus

[Mr. Martin.]

thwart the move by the federal government to provide by this means a stimulus to unemployment.

Mr. Martin: My, my.

Mr. Argue: And if it should be suggested that the people in the province of Quebec are pleased and jubilant over this carrot on the stick offer, I should like to quote from the *Montreal Gazette* of March 15 which reports statements made at the Quebec federation of industrial trade unions by the director, Mr. Romeo Mathieu. In that statement he said that the proposals were not a solution and he attacked them on the ground that they were, first, unilateral; second, that they were not squaring with the cyclical ideas of fiscal arrangements; third, they were an injustice to the province of Quebec; and fourth, a hindrance to national unity.

The C.C.F. party was quite prepared that provincial income tax be fully deductible up to the amount of the grant offered to the provinces, provided the provinces would agree to return any surplus collected; but the government did not follow that avenue; instead it reduced the income tax of taxpayers in a certain province. That move made by the federal government has created two classes of income taxpayers in Canada, one paying the full rate and one paying the 90 per cent rate. When you divide Canada as this government has done into two classes of taxpaying Canadians you have directed a blow at the very foundation of national unity in this country. If we are to have national unity in this country, let us have equal taxation treatment for all taxpayers by this government and let us not have a reduction in income tax payments made by the taxpayers in one province, no matter which province it may be, and the full rate or some other rate applied to taxpayers in the other provinces.

Mr. Benidickson: If you are interested in employment, why do you not get back to the subject?

Mr. Argue: That is exactly on the subject. A former minister of finance, Mr. Ilsley; another former minister of finance, Mr. Abbott; a former prime minister, Mr. Mackenzie King and this Prime Minister (Mr. St. Laurent) who was minister of justice in 1944 and who put before the dominion-provincial conference the views of the government of the day, said that for the government to deal with full employment or to maintain full employment, they had to have adequate fiscal powers that could be obtained only by dominion-provincial tax agreements. Now the federal government has turned its back on the tax agreements, it has turned