

Dominion-Provincial Relations

have been subjected to some highly discriminatory formulae in determining the extent of transfers from the federal to the provincial treasuries. I know I do not need to draw this matter to the attention of the minister; I am sure he knows what I am talking about. I am referring, for example, to the inclusion of revenue from natural resources under the pretence that it is income, though every businessman in Canada and most of the chartered accountants would agree that revenue from the sale of some of these natural resources represents the sale of a capital asset rather than income. However, the federal government has consistently refused to recognize this.

An hon. Member: They are not businessmen.

Mr. Olson: My hon. friend says they are not businessmen. I shall not be so unkind as to say that, but I should like to draw this vividly to the attention of the minister once again: there are some provinces which are not happy about the way in which these formulae are used to calculate the transfers of funds, and we hope the government will give consideration to this question very soon.

May I say in closing that we would like the minister to give us more detailed explanations respecting clause 3 in particular, because in his earlier explanation he did not go into sufficient detail. Generally, we do not think this is really the kind of transfer of administrative responsibility which ought to have been reflected in this bill, particularly when we are considering programs which come within provincial jurisdiction.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, in taking the floor I wonder whether I should deal with the amendment or the bill itself.

Upon reading Bill No. C-142, we find that it has very few commendable points after all the promises made by this government, especially during the last election campaign, concerning repatriation of those famous joint programs. This repatriation does not amount to very much because the provinces will first have to accept what the federal government will want to return to them. The provinces will probably beg the federal government to return to them certain rights in lieu of some taxation fields or equalization payments. As a matter of fact, provinces will be like poor individuals who come begging to the federal government because it is still the federal government which has the first and the last word in this matter.

In order to appreciate all the implications of this bill, I think we have to go back to the origin of those famous joint programs. Why are we asking today, as we have been asking for years, the federal government to hand back to the provinces those taxation fields which are theirs?

Mr. Speaker, I should like to point out to the house that it is due to the good will shown by the provinces during the last war when they yielded their three main taxation fields to the federal government of the day. The government of the day had promised to give back to the provinces those three taxation fields, the personal income tax, the corporation income tax and the estate tax. The record will show that the federal government had formally promised to give back those borrowed taxation fields immediately after the war. The war has been over for nearly 20 years and we are still waiting for the return of those taxation powers which will enable the provinces to recover full control of their economies.

I often compare those powers which were lent to the federal government to those which a municipality would surrender to a province in the field of property taxes. If a province were to ask its municipalities to forgo their main taxation field, property taxes, for a certain period of time, the municipalities would not last long, or they would have to levy other taxes to meet their expenses. That is precisely what happened when the provinces surrendered those three taxation fields to the federal government of the day. They had practically nothing left to meet their budgetary expenditures and, consequently, they had to set up all kinds of new taxes.

We lived through that period of sacrifices, we accepted it for victory, but I think the time has come for the provinces to demand back what another government borrowed.

Instead of bringing down such a piecemeal bill, I think it would have been better for the Minister of Finance to hand back to the provinces, as promised, all joint programs now in operation.

As a matter of fact, those joint programs were simply set up to hand back to the provinces, one way or the other, the overpayment of taxes in each province. And when I say overpayment, I do not mean that the federal government handed back to the provinces exactly the amount that was levied in each one of them.

The province of Quebec, for one, has more than paid its share of the compulsory tribute to the federal government. While it was