

Income Tax Act

The Chairman: I am ready to give a ruling on that point. In my opinion, there is absolutely no question but that the interesting amendment moved by the hon. member for Lapointe is out of order, since it constitutes a new proposal which only a minister of the crown can introduce.

[Text]

Mr. Lambert: Mr. Chairman, continuing the line of questioning which has been put by my colleague the hon. member for Digby-Annapolis-Kings, is the minister satisfied that between now and 1967 there will not be any further erosion so far as the abatement is concerned? In other words, is this amendment to be the final one? We have seen a change last year; further concessions were made, if I recall aright, last autumn. Then the same thing happened in March, or subsequent to March, of this year. I am wondering whether the minister can tell us that there is to be finality, or is this again subject to future conferences between now and January 1, 1967?

Mr. Gordon: Well, Mr. Chairman, in the first place perhaps I should point out that despite the eloquence, or I should say the mis-directed eloquence, of the hon. member for Lapointe the proposals in this section apply to all of Canada and not to any particular province. I might also be permitted to remark, before I answer my hon. friend, that under the Canadian constitution the federal government has the power to levy any kind of taxes, including direct taxes; and the federal government was in the field of direct income taxes long before any of the provinces. I can assure my hon. friend that the federal government has no intention of abdicating its responsibilities, as I suspect it would have to do if it were to follow the suggestion of turning all these tax fields over to the provinces.

In reply to the direct question of the hon. member for Edmonton West as to whether there will be any other changes between now and 1967, I can only say that there are no changes at present in contemplation. But in the affairs of men changes do occur from time to time, as he very well knows.

[Translation]

Mr. Martineau: Mr. Chairman, could the Minister of Finance tell the house what direct connection there is between provisions of section 9 and the agreement reached in respect of pensions, for one is collateral to the other?

Since the minister was directly concerned in the discussion which were held, it would be interesting for the committee to obtain further information in this matter.

As I understood the logical argument put forward by the minister when he brought down his budget, he had reached a certain

[Mr. Choquette.]

conclusion on the income tax abatement which should be granted to the provinces, that is what should be shared between the federal government and the provinces.

The minister should tell us at this point why he changed his mind in this regard.

I should also like him to tell us—and I think this matter is most relevant—whether, as suggested by the hon. member for Edmonton West (Mr. Lambert), we should expect further claims from the provinces, especially from the Quebec, premier, since concessions granted do not meet with his minimum requirements. I think the minister should tell us today if further abatements will be considered and if he is prepared to comment on the possible status of associate state for the province of Quebec, at least in the taxation field.

Finally, I would like the minister to tell us what kind of activities the federal government will engage in to make up for the decrease in revenues resulting from the last agreement; because, as everyone knows, with the increased abatement, the minister will be compelled to choose one of the following alternatives: either the government will withdraw from certain activities, thereby reducing its expenditures; or else, it will impose new taxes to make up for the loss in revenue.

Before this item is carried, it is very important for the committee to know which of these alternatives the minister prefers at this time. I, therefore, resume my seat so that he may answer these few questions.

[Text]

Mr. Gordon: I will be glad to answer as best I can, Mr. Chairman. I think that all those who attended the federal-provincial conference in Quebec on the 31st of March came away feeling depressed and disappointed. At that conference we had not reached agreement either on a uniform pension plan for Canada as a whole or on the means of financing the very urgent requirements of all the provinces, especially in the field of education. I say that I think there was a general feeling of disappointment that agreement had not been reached on these broad questions.

So, as my hon. friend knows, the government made one last final attempt to reach agreement with the provinces on these two very important questions and the attempt was successful. I suppose that in recent times no decision has been so well received as the agreement with the provinces, which was worked out subsequent to the conference, that we would have a uniform pension plan for the whole country—

Mr. Martineau: May I—