

Income Tax—Deduction of Quebec Tax

big bundle of sheets containing extracts from newspapers, and if, as seems to be the case, by quoting from newspaper clippings, he wishes to show that the provincial government has the support of the people from the province of Quebec in the struggle to which he referred, I am afraid he is out of order in so doing. Newspaper editorials may be quoted, provided one can do so without being out of order. (See Bourinot, page 335; citation 265, Beauchesne, third edition.) But another standing order says that members of the house must express their own ideas, without reading a text and must not therefore read into *Hansard*, instead of their own views, those of newspapermen or newspaper editors.

I supposed the hon. member wished to read abundant quotations from newspapers. If such was not his intention I apologize for interrupting him. I have allowed a reasonable use of quotations to support an argument—it is permissible in such a case to bring forth various quotations—but I wish to caution the hon. member against changing his speech into a review of the opinions expressed by every newspaper on the question which he intends to bring up.

Mr. Balcer: I understand your ruling, Mr. Speaker, and it is a pleasure to bow to it. However, my only purpose was to show that most Quebec newspapers approved the attitude of the provincial government in this regard and were asking, along with that government, that the provincial income tax be made entirely deductible. That is why I wanted to quote certain passages from various editorials. I shall therefore content myself with giving the references and if some hon. members want to take the trouble of referring to them they will recognize the truth of my statements, I am sure. In fact, newspapers like *Le Soleil*, *L'Événement Journal*, *La Patrie*, *L'Action Catholique*, the *Gazette*, and *Le Droit* of Ottawa, all seem to admit that the federal government should decide right now to permit Quebec taxpayers to deduct the amount of that tax.

The problem can be summed up as follows: Should Quebec be punished by Ottawa for refusing to sign the financial agreements proposed by the latter? And when I say "should Quebec be punished by Ottawa", I do not simply mean the government of the province of Quebec, but the whole population of my province.

First, there is a point upon which everyone agrees: the right of a provincial government to direct taxation. There is no disagreement in that connection; the hon. Minister of Finance (Mr. Abbott) admitted that

fact himself upon his return from Australia and he said so very clearly and unequivocally.

This right to levy a provincial income tax would be a joke if, by levying it, the government would be putting the people of the province in an inferior position compared to that of the citizens of the other provinces. And, vice versa, one could understand why the federal government would be reluctant to let go its revenue in one province to the detriment of the other provinces. This is precisely the point I want to make tonight. It indicates precisely the strength of the stand taken by the government of the province of Quebec in this respect: If the federal government denies to the taxpayers of my province the right to deduct from the federal income tax a tax required from them by the provincial government, the federal government puts them in an inferior position. On the other hand, the government of the province of Quebec, by demanding that this tax be made deductible, does not take a single penny away from the other provinces.

It is a well-known fact that the federal government offered an amount of \$123 million to the province of Quebec. In return the province was to sign the federal-provincial agreements and to hand over succession duties, corporation income tax and, finally, personal income tax.

If we consider that in so doing Quebec would have been giving up revenue amounting to \$80 million, the federal government would have been obliged to hand over approximately \$40 million more than today.

We must also note that the great majority of the people of Quebec have shown that they wished the provincial government to keep its sources of taxation, so as to make sure that these taxes would be spent in the province, in accordance with the traditions, mentality and aspirations of the Catholic and French-speaking majority of that province.

Anybody who has read the editorials in the Quebec press in the last few years will have been readily convinced of that fact. If any further proof should be required, one has only to read the various briefs submitted to the Tremblay commission. The great majority of reports urged the provincial government to retain jealously its taxation sources and not to sign the agreements proposed by the federal government.

And yet, if the provincial government had accepted these direct grants, Quebec would have received \$123 million, whereas by retaining, as it does, the taxation fields, it has received only about \$80 million.