

Income Tax—Deduction of Quebec Tax

made in the house on November 21, 1952, would allow for variations in the economic situation of the country.

The province of Quebec is mistress in its own house in matters of income tax; besides, it will derive from this source only about \$25 million, which is considerably less than the amount offered by the federal government in return for a tax rental agreement. This is a further reason to deduct from the federal tax the whole amount of the tax which will be paid to the provincial treasury. Moreover, Ottawa has already shown some conciliatory spirit, without consulting the other provinces, by allowing large Quebec corporations to deduct from the federal tax the 7 per cent tax they are required to pay to the provincial treasury. I am confident that the authorities will agree to deal with individuals on the same basis as with those corporations, whose widespread influence brought about such a result.

It may be objected that the federal government requires all its revenues for defence purposes. But let us examine the portion of the federal budget which disbursements for social security represent. It is seen that if the provincial government made such provisions without collecting the proceeds from the income tax, it would have had but little left for the administration of the province. Everybody will agree that none of the provincial governments, without imposing an income tax, could have passed such laws.

The farther the federal government entered into the social security field, the more it assumed financial obligations which compelled it to increase the federal tax, up to the saturation point which it has now reached. It has thus made it almost impossible for the provinces to levy an income tax, and has monopolized that source of revenue.

All that stems from the recommendations of the Rowell-Sirois commission which was set up as the result of persistent efforts on the part of the bureaucrats of the federal treasury board, in order to find means of centralizing definitely in Ottawa, ostensibly to provide for national defence and social security, those two important sources of revenue—income tax and succession duties, to which the provinces were entitled and without which they had not the wherewithal to administer those fields assigned to them by the constitution.

In brief, if the government at Ottawa, when passing the social security legislation which is now in force, in this country, and which I approve entirely, was able to offer at the same time a subsidy to the province of Quebec of over a hundred million dollars in

return for the abandonment of its rights to income tax, how then can it refuse to grant Quebec taxpayers a deduction from the federal tax of an amount smaller than the subsidy offered in exchange for the relinquishment of its rights?

The province of Quebec is endowed with a French and religious culture of which it is proud, and which is necessarily embodied in its schools and universities. In order to maintain and develop those institutions, it is essential to have sufficient revenues to pay our teachers salaries that will not be so ridiculously low as they are at present, but adequate to uphold their interest in the magnificent work which they have been carrying on for such a long time with deep devotion and self-denial.

The school is the mould in which the growing generation is being fashioned and which will produce young Canadians of French origin who will become citizens of whom the community will justly be proud. Thus two different cultures, developing side by side, will add to our national heritage intellectual treasures the equal of which can be found only in Switzerland.

Municipalities in my province which come under provincial jurisdiction are now in a precarious situation. School boards are so heavily in debt that the province was forced to assume most of that indebtedness. After the province stepped in, those debts were reduced to approximately \$20 million. Three years later, however, they had reached \$59 million and have increased since. That clearly indicates the inadequacy of financial resources.

During the 1952-53 fiscal year, the province of Quebec received from the federal government a total contribution of \$4,211,000 or 1.49 per cent of its budget, which amounted to \$281,735,000 for that year. Ontario received \$127,442,000, although its budget in 1952-53 amounted to \$339,566,000. I shall now place on record a table giving the revenues of each province, during the 1952-53 fiscal year, with the amount each province received from the federal government:

Provinces	Total Revenues	Federal Subsidy
Nova Scotia	45,228,000	20,360,000
New Brunswick	46,401,000	16,333,000
Prince Edward Island	7,133,000	3,939,000
Ontario	339,566,000	127,442,000
Manitoba	53,737,000	28,173,000
Saskatchewan	88,960,000	28,193,000
Alberta	142,467,000	35,440,000
British Columbia	184,737,000	48,579,000
Newfoundland	30,925,000	20,107,000
Quebec	281,735,000	4,211,000

Those figures show that our request for a deduction from the federal income tax of the whole amount of the income tax which is