

local autonomies . . . the consequence of which is to defeat the purpose of government which henceforth is solely employed in consolidating and furthering its own preponderance.

Is it necessary to recall these words by Sir Wilfrid Laurier:

The principle under which a government levies taxes when another government spends the product of such taxation is absolutely false. Provincial governments should surrender none of their fiscal prerogatives, for such a surrender would explicitly and necessarily imply the relinquishing of certain administrative responsibilities.

This opinion is shared by the chamber of commerce of Quebec city.

Time has shown that the Liberal party has shelved this wise piece of advice given by its former leader.

In the newspaper *Notre Temps* of February 27, 1954, we find this alarming item by the editor, Mr. Richer:

I have recalled the Liberals' centralizing attitude, both in the provincial and federal fields, and the continuous struggle they have waged or tolerated against provincial autonomy. This is no personal opinion on my part. It is rather an historical fact.

One has but to go back to newspaper reports of former years, or, should one have the courage to do so, to go through *Hansard* for the past thirty years, to find the unquestionable proof that the Liberals have never stopped condoning centralizing action, even at the price of an actual weakening of provincial independence.

Mr. Alexandre Taschereau, a man of strong character, was the only one to set himself against the federal encroachments. He did not succeed in safeguarding completely the autonomy of Quebec but he managed to save the most important. It was quite a feat, for he had to fight against the federal leaders of his party, particularly Mr. Mackenzie King and Mr. Ernest Lapointe.

Nearly all the other Liberals gave up the fight. There were, of course, a few die-hards and rebels here and there, but they were not of the front ranks and their action was ineffective, and the huge steam-roller crushed everything that stood in its way.

In turning down the proposed agreements, our province only wishes to remain true to the spirit and the letter of the confederation pact.

We are not going to give up inalienable rights in exchange for subsidies subject to the whims of the bureaucrats.

Quebec has always in the past as well as today given the whole country the best example of loyalty and faithfulness to the Canadian constitution, for it is the only province which has treated the Anglo-Protestant minority in accordance with the ideals which prompted the fathers of confederation.

In a speech delivered on January 21, 1952, before the members of the Quebec Bar Association, assembled in convention at Quebec,

83276—207½

Income Tax—Deduction of Quebec Tax

the Minister of Justice (Mr. Garson) congratulated the leader of the Union Nationale for the generous way in which he was treating minorities.

The provinces that have signed agreements with Ottawa will share, during the coming fiscal year, a sum of \$322 million. Ontario will receive as her share \$140,800,000.

Quoting those figures, the *Montreal Gazette* wrote as follows on February 10 last:

(Text):

When Ottawa is prepared to make payments on this scale to provinces who have agreed to continue the "temporary expedient", it should find no insuperable obstacle in conceding the additional \$25 million to a province that wishes Ottawa to keep its undertaking of 1941.

If Quebec were to sign an agreement similar to other provinces, a larger sum than \$25 million would have to be found. As it is Quebec is helping, in effect, to finance the federal subsidies to other provinces, and is asking for comparatively little in return.

Finally, Ottawa has made clear that it has no intention of exercising any pressure upon any province to sign an agreement. This promise was given by the prime minister of Canada in 1946. "The fact is", said Mr. King, "the dominion government is not seeking to force any agreements."

This assurance has been given repeatedly ever since.

It is hard to believe that Ottawa would have any reason, or any wish, to penalize any province because it has seen fit to re-enter a taxing field which it was asked to vacate "as a temporary expedient, for the duration of the war only", and when there was no attempt to get any province "out of these tax fields permanently."

(Translation):

In another editorial on the same subject, under the heading "Not an excessive demand", the *Gazette* wrote as follows on February 15 last:

(Text):

What would Ottawa have to pay Quebec if an agreement were signed on the same basis as that signed by Ontario? The payment would be about \$112 million. At the present time, Ottawa allows Quebec taxpayers to make certain deductions in the field of corporation taxes, and in regard to the education tax that falls upon certain corporations. Supposing Ottawa were to go further and to make the whole of the new provincial income tax deductible from federal income taxes, what would the total be? The total that Quebec taxpayers could deduct from their various federal taxes would be about \$82 million to \$86 million.

Can Ottawa afford this? It would seem so. For if Quebec were to sign the same kind of agreement as Ontario, Ottawa would lose about \$112 million. In other words, even with this new income tax concession, Ottawa would still, it seems, be the gainer by about \$30 million.

(Translation):

On February 19, 1953, in his budget speech, the Minister of Finance (Mr. Abbott), after stating that the volume of federal taxes made tax increases by provincial governments more difficult, said: