

The Budget—Mr. Monteith

thus be in a position to collect from every federal taxpayer up to 15 per cent of the federal levy without this costing these taxpayers one extra cent.

More than that, if the 15 per cent deduction were allowed, the province of Quebec itself could then levy more in deductible taxes than it would receive under the agreements. On the basis of the 1953-54 figures, I said that Quebec would have received \$113 million, apart from the statutory grants, under the agreements. I do not take into account succession duties, as in Ontario; Quebec would find the same advantage in not renting this right. According to the figures given by its minister of finance, the province of Quebec has levied through various taxes on corporations—all of which were deductible for federal tax purposes—the sum of \$70.1 million in 1953-54. Fifteen per cent of the federal personal income tax would have yielded \$44.7 million in that same fiscal year, which means that the province could have levied \$114.8 million in deductible taxes, or approximately \$2 million more than what it would have received under the agreements.

The Montreal chamber of commerce will say: "Allow at least a 14 per cent deduction". But the difficulty which the chamber wants to avoid would still remain. There will still be double taxation, at least in respect of part of the 15 per cent tax to be paid by the taxpayers.

Is it not fitting to recall, Mr. Speaker, that this same body made representations to the Quebec authorities when the bill providing for a provincial income tax in that province was introduced, to the effect that the legislature should limit its tax to 5 per cent of the federal tax, while at the same time taking full advantage of it. This would have yielded, for 1953-54, an amount of \$15 million, at no additional cost to its taxpayers. In my opinion, the chamber of commerce was in fact blaming the government of Quebec for imposing double taxation on personal incomes.

I have shown, I believe, that making the new provincial tax on personal incomes fully deductible in Quebec would not settle the problem. Far from being a solution, this deduction would create new difficulties with the other provinces as well as with Quebec itself.

In short, we are being asked to recognize that it is the privilege of the Quebec government to decide, as it deems fit and by one-

sided action, what amount of revenue it may take from the federal treasury.

In other words, what is being asked of us is the power for Quebec not only to levy taxes upon its own taxpayers but on the Canadian government as well.

The government of the province of Quebec says that it does not want any subsidy. But what it is seeking from us is the permission to determine the amount of a federal subsidy to be collected in another way.

Mr. Speaker, it was only after seriously considering the possible consequences of what we have been asked to do, that we came to the conclusion that we could not accept the proposal made to us, as I say, not by the government, but by some Quebec taxpayers.

Since 1945, we have put forward various successive proposals which became acceptable to nine provinces out of ten only after various amendments.

The government of Quebec never made any counter-proposals; it acted unilaterally without any consultations whatsoever, and now there are those who would have us without further ado accept the *fait accompli* as the solution to this problem.

The fact that we are unable to accept this suggestion, which is the first offered to us whereas we have already made several that were rejected, does not mean that we are opposed to any further proposals. On the contrary. The study I have just made, speaking with due humility, and which has been made by others of this matter may perhaps throw more light upon the various aspects of the question, and thus provide the basis for a satisfactory solution.

If the government of Quebec is ready to try and find a common ground for agreement, I may assure you that, for their part, the members of this government are prepared to seek, in co-operation with the Quebec authorities, a solution to this difficult problem which we all want to solve.

There is no insoluble problem for men of good will, ready to discuss seriously, in all good faith, and without fanfare, a question on its merits.

(Text):

Mr. J. W. Monteith (Perth): Mr. Speaker, there were certain thoughts that came to mind the other evening as the minister was presenting his budget, and I should like to mention a few of them: Some minor relief in excise tax; no change in income tax; no expected increase in the gross national product. Government members almost appeared