

amount of tax relief with the other hand because the value of the money which the income earner receives will be less through the increase in the cost of living.

Let us now look at the policies which the government is inaugurating or is likely to inaugurate to increase prosperity in Canada and see if the low paid sixty per cent of the labour force do get increases in income so that their incomes will be up at least to the extent of reaching the low income tax brackets. To provide more prosperity for Canada the government made certain proposals to the dominion-provincial conference. As I understand those proposals there were mainly two fields in which the government proposed new measures. One was a taxation agreement with the provinces so that there would not be double taxation in the income and corporation tax fields and in succession duties. Second, the government proposed a social security programme, including public investments, a health programme, adequate old age pensions and unemployment insurance.

We all know the history of the dominion-provincial conference. It failed. Then the government announced proposals for taxation agreements minus the social security programme. The Minister of Finance in his budget address stated:

Financial pressure on the less-favoured provinces will give rise to increasingly arbitrary and discriminatory taxation, will lead to interference with interprovincial trade and to the extension of government ownership and operation of business merely in order to obtain additional provincial revenues which of course would mean loss of revenues to the dominion.

I would like hon. members to note that according to that statement of the minister, without an agreement with the provinces, there is likely to be an extension of provincial government ownership. The minister went on to say:

The dominion cannot stand aside and allow such a situation to develop. It would seriously impair the capacity of private enterprise to provide high and expanding employment.

There was some danger, if an agreement had not been offered, of some provinces going into business for themselves. The premier of Manitoba made a statement to that effect at the conference. If the provinces were forced to go into business undertakings for themselves it would of course deal a severe blow to big business and corporations in Canada, and the Minister of Finance says the dominion cannot stand aside. But there was no offer made to the provinces to sign separate agreements for social security measures. The dominion government, while not ready to stand aside and see big business double-taxed, is willing

to stand aside and see the Canadian people go without an adequate social security programme. Surely that is placing the emphasis entirely in the wrong place.

Mr. ILSLEY: Did I say anything in that speech to the effect that we did not want government ownership to take place in the provinces because it would hurt private business?

Mr. ARGUE: No; but apparently that is what the minister had in mind.

Mr. ILSLEY: That is most unfair. What I had in mind I said, which was that it was undesirable to have the provinces taking over business purely for revenue purposes. That is what that says.

Mr. ARGUE: That is right.

Mr. ILSLEY: And that is undesirable.

Mr. ARGUE: Because it would force governments in some of the provinces to go into the public ownership of business, as the Saskatchewan government has done.

Mr. ILSLEY: Does the hon. member think it is desirable for a province to go into public ownership of private industry, merely because it can get a tax advantage or increased revenue at the expense of the dominion?

Mr. ARGUE: A province goes into business for many reasons. If it gets revenue for the province rather than allowing the corporations to skim off the cream of the revenue, certainly that is for the benefit of the people of the province.

The minister went on to say that the proposal that he was making to the provinces was based on fiscal need. He stated that a number of times, I believe. It is based on fiscal need to this extent, that a poor province will be enabled to get some additional moneys that are raised by taxation by the federal government and turned over to the province in the form of a subsidy. I wonder, in looking over the various amounts that will be paid to the different provinces, if indeed they are based on fiscal need. The people of British Columbia under this proposal are to get approximately \$20 per capita. The people of the other provinces will get something over \$15 per capita, considering the gross national product and the formula that is used. I am not suggesting for one minute that the people of British Columbia should get any less than \$20 per capita, but I am suggesting that if the people of British Columbia are to be paid \$20 per capita, then the people of the other provinces of this nation should be treated equally well.