

*The Address—Mr. St. Laurent*

be a reduction, I think of 10 per cent, in the corporation tax. Though there may have been no undertaking concerning the personal income tax, because there had been practically no resort by provincial authorities to the personal income tax, reductions were made in the rate of income tax levied under federal laws for federal purposes.

Proposals were made to the provinces that if instead of levying their own taxes they wished to renew agreements, these were the kind of agreements we were prepared to make with them. At that time there were nine provinces, and seven of them chose to make those agreements. The two larger provinces chose not to make the agreements. They were just as free to impose and collect any and every kind of taxation from the moment the war tax agreements expired as they had been before the war tax agreements were made. Those two provinces remained in that position up to the time the province of Ontario chose to enter into a tax agreement for a five-year period, from 1952 to 1957.

For seven years there was no tax agreement with the province of Ontario. There is no tax agreement now with the province of Quebec. Quite frankly, I do not think there could be or that there should be or that anyone would wish that there be, any permanent arrangement which would restrict the constitutional rights of the central government to have recourse, in times of need, to any and every kind of taxation that the parliament of the people of Canada might feel was required in order to meet emergent conditions that they might then have to face. There could be temporary arrangements, however. If those that were suggested had not been accepted, they could have been discussed. Other forms could have come up for consideration. As a matter of fact that was done with, and in respect of, the provinces that have made those agreements. The agreement made by the province of Ontario this year is not exactly the kind of agreement that was proposed in 1945, and the form it has taken in 1952 has been the result of consultation and negotiation between the federal Minister of Finance (Mr. Abbott) and the premier of Ontario, who happened to be at the same time his own minister of finance.

There were provisions in the agreements made immediately after the war, as well as those made in 1951, which differed from the original agreements and which were the result of representations made by, and negotiations had with, the premier of Nova Scotia. It has always been a condition of each and every one of those agreements that no more favourable terms would be given to one provincial government than to the others,

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and that such terms as were arrived at with one would be available to every one of the others. I have no doubt that there will be further discussion of this problem. These agreements that have been made are for a temporary period, and it may be that when that period ends the provincial governments, or some of them, will wish to have consideration given to modifications of those terms. Quite frankly, Mr. Speaker, I do not think the hon. gentleman, if he had the responsibilities which are mine at this time, could take the responsibility of recommending that there be any permanent abandonment of any of the constitutional taxing rights that belong to the federal government. There might be different temporary arrangements made, but I think—at least I would hope—the hon. gentleman would not take the responsibility of any permanent abandonment of any constitutional taxing rights which the fathers of confederation felt would be necessary for the security of this country, and which on two occasions it has been found were absolutely necessary for the security of this country.

The other matters dealt with by the hon. gentleman are not, I take it, criticisms of the ordinary civilian activities of the government, nor criticisms of the defence effort of the government, but rather criticisms of the so-called extravagances and inefficiency of the country's war effort and criticism of the high level of taxation. I believe, of course, that the implication was that when the moment arrives for the people of Canada to pass judgment upon the conduct of this government, they will come to the conclusion that it is time for a change, and that the change should be a change to the hon. gentleman and his friends as the advisers of the crown for the future period.

I think these are matters that are of great public interest and that deserve to be considered seriously. It seems to me there is no discussion and no controversy over the fact that the need for a great defence effort was demonstrated by the aggression which broke out in Korea in 1950. I think that practically the whole of the Canadian public was satisfied that the government should have acted promptly and is satisfied with the part the Canadian forces have taken in the joint effort of the United Nations to resist aggression in Korea. That effort has consisted of the continued action of three Canadian destroyers in Korean waters, on a rotation basis. It has consisted of the activities of the 25th infantry brigade which constitutes, and which from the time of its