

The Budget—Mr. Balcer

ernment is ready to grant at the price of a signature which Quebec feels reluctant to give, it has no right to refuse.

As for the Minister of Northern Affairs and National Resources (Mr. Lesage), in addition to this same argument, he advances another still less acceptable. He said that if Ontario took advantage of the principle of deductibility, that province would receive, on the 15 per cent basis, more than it gets from the outright grant. Yet, if we grant 15 per cent to the province of Quebec, how can we refuse it to Ontario, says the minister. Once more, however, it is a feat of imagination which enables the minister to suggest this, for the problem he raises does not exist. Let the federal government grant to Ontario the right to deduct an amount not exceeding the sum that province receives under the agreements and nobody will complain, at least nobody from the province of Quebec.

It is clear when we go over the arguments advanced by the government that it intends to pursue its policy of centralization without the slightest concession. That much talked about freedom to accept or refuse the agreements means that the province must either sign an agreement on the terms chosen by the federal authorities, or lack the necessary funds and be forced to compel her taxpayers to pay double taxes.

Yet, before the last election, the federal government allowed those of the provinces which had not signed an agreement to deduct their share of corporation income tax. Permission was also granted to collect a tax from corporations for educational purposes.

The Minister of Finance, speaking once more on behalf of the government, said in 1953, before the election, when he announced that the corporation tax could be deducted:

The general effect of this will be to place corporations in Quebec, which is without a tax rental agreement, on the same basis as those operating in other provinces in respect of the burden of corporate income tax.

In the same speech, on the subject of financial agreements, he said:

The virtue of this approach was that it was not dependent for success on the unanimous acceptance by all provinces. A cardinal principle in the offer was that no pressure, direct or indirect, should be placed on any province to accept an agreement. This has been a fundamental position of the federal government's attitude ever since.

As I said a moment ago that was before the last election and now that the government has been re-elected, in spite of the promises and assertions of the Prime Minister (Mr. St. Laurent), the only freedom left to the province of Quebec is to live isolated in a province

whose citizens are placed in an inferior financial position to that of the other citizens of the country.

Until the election, the government seemed to consider these agreements as temporary, but today it considers them as permanent and does not intend to call further federal-provincial conferences to discuss the problem of taxation.

At the beginning of this debate, the leader of my party set forth before the house all the advantages that could result from such a conference.

A meeting between the federal and provincial authorities would enable Quebec to assert its rights and protect its autonomy; it would bring an end to this isolation in which Quebec has found herself since she refused to sign those agreements which were unacceptable to her.

Each year, our province is losing several million dollars as a result of this refusal, and, to cope for a time with this lack of revenue, the provincial government is forced to make use of its right to personal income tax in order to get an amount of \$22 million needed for educational purposes, for the health and welfare of its people.

It is quite evident that the federal authorities show ill will in refusing this deduction though it would cost them less than if the province of Quebec had accepted the \$115 million offered in exchange for her taxation rights.

It is also obvious that the federal government thought that they had found in this double taxation a means to force Quebec to give up her autonomist policy.

This deductibility which the province of Quebec is asking is surely only a temporary measure, pending a new reallocation of taxes, according to the spirit of confederation and in the interest of Canadian unity.

It has been recognized by our party that the federal government should necessarily allow deduction of the provincial tax. At its recent convention in Ottawa 800 delegates unanimously passed a resolution to this effect.

Certain newspapers, such as *L'Action Catholique* and *Le Devoir*—which, by the way, have been waging a magnificent battle with the federal government on this issue—have expressed concern over the fact that the leader of our party devoted his budget debate speech to demanding that another meeting of federal and provincial authorities be called with a view to allowing the provinces to benefit from a reallocation of taxation fields