

In short, the provincial tax represents approximately 10 per cent of the federal income tax collected from the taxpayers in the province of Quebec and, by deducting the provincial tax from the federal tax Ottawa will in fact receive about 90 per cent of the tax on personal income collected in the province of Quebec.

The federal authorities assert that the province and the federal government have concurrent rights of taxing personal income. About 10 per cent to the province and about 90 per cent to Ottawa, is an extraordinarily reasonable concurrence, you will no doubt agree. Furthermore, it should be recalled that our provincial income tax is used entirely for purposes of education and hospitalization, public health and social legislation among others, in and for the province.

Since the end of the last war—I merely mention facts without details or appraisal—some provinces have abandoned to the central authority certain important sources of provincial income in return for payment by Ottawa of federal subsidies to these provinces.

We have said on several occasions that the province of Quebec wishes to retain its powers of taxation and does not wish to exchange them for subsidies. We consider it our duty to maintain such an attitude.

We are ready to enter into a really temporary agreement which would grant to the parties concerned a further extension of time to arrive at a definite arrangement. The federal authorities are of the opinion—and we respect their opinion without sharing it—that they have the right to impose taxes in one province to assist certain provincial projects in another province. The province of Quebec has always been and is still ready to co-operate reasonably and in a constitutional manner for the welfare and prosperity of the other provinces of the Canadian confederation.

It is beyond question that the revenue derived from taxes levied by Quebec, including the provincial tax on personal income, and which would be affected by the arrangements arrived at between Ottawa and the other provinces, it is beyond question, I say, that such revenue of the province of Quebec represents much smaller sums than the amount offered by Ottawa to the province of Quebec in its proposal to exchange important sources of provincial revenue for federal subsidies.

In short, the other provinces and the federal authorities, in our humble opinion, cannot reasonably object to the proposal we are making; first, because the amount collected by the province is financially less than the grant offered by the federal government and, secondly, because, as everyone agrees, the province is only exercising an indisputable right. It seems to us only elementary justice that the federal authorities should deduct from their tax on personal income paid to Ottawa by the taxpayers of Quebec, the amount of the provincial income tax which only after all represents a small fraction of the federal tax.

It is our profound conviction that the taxing powers which belong to the province of Quebec must be exercised by the province. These powers, which spring from dearly acquired rights and freedom, are indispensable to responsible government; they are also essential if the province is, freely and in accordance with its religious and national traditions, to exercise its rights and fulfil its obligations, amongst others, those pertaining to the vital fields of education and hospitalization.

In order to reach an agreement concerning the deduction of our provincial tax, we are ready to delete from our act authorizing a provincial tax on personal income the statements, in the preamble, to the effect that the province has a prior right in the matter of direct taxation.