

*The Budget—Mr. Dorion*

is no legislation, no institution, no event which would not have an impact on the budget, however little importance they may have in the national life.

The opposition members who took part in this debate mostly dealt with the budget as if it were a separate, artificial operation which can be isolated from its context. That may be a smart move bringing a temporary success, but it is above all a move which does not take into account the consistent and inevitable sequence of facts and events preceding it, facts and events for which they are responsible for the most part, since they took place while they themselves were entrusted with the administration of the nation's business.

Instead of the opinion of those so-called economists, who anyway have not been able to present a really positive criticism, I would rather accept the opinion of generally well-qualified and well-informed people who agree that the Minister of Finance acted with wisdom, know-how and ability. Thus, for Mr. Harvey Perry, director of the Canadian tax foundation the budget is:

Just about perfect for this period of adjustment.

Mr. David B. Archer, president of the Ontario federation of labour, said that this budget is:

Prosaic and orthodox.

Mr. John S. Proctor, president of The Imperial Bank of Canada said that this was:

A sensible budget, aiming definitely at reducing the deficit.

And Mr. Allan T. Lambert, general manager of The Bank of Toronto and M. J. R. Wadsworth, general manager of the Canadian Bank of Commerce said about the same thing.

At this stage, I would like to say a word about an argument which has particularly impressed me and which has not yet received an answer from our opponents. It was expounded very eloquently and in a very informed manner by my excellent friend, the hon. member for Rimouski (Mr. Morissette).

Comparing the economic situation in the United States and that prevailing in Canada under nearly identical conditions, he pointed out that the way we managed our affairs had brought results much more tangible and concrete than in the United States, and at less cost.

What impressed me more in the speech of the Minister of Finance is the fact that 22 per cent of the money coming from the taxpayers will be redistributed to the provinces, that is a sum of \$1,212 million out of \$5,660 million, which is the estimate of expenditures for 1959-60. In other words, were it not for those payments to the provinces, instead of a deficit of \$393 million expected, we would have a surplus of \$819 million. Those are figures which give us cause for reflection and which call for a close examination of the fiscal relations between the federal government and the provinces. Of course, out of that amount of \$1,212 million, there are certain payments which the government cannot forgo, either because it is bound by the constitution or by amendments thereto, or because it has concurrent jurisdiction with the provinces, or again because it has signed agreements with most provinces for the rental of some of their taxation fields. Such payments account for a total of over \$774.3 million.

In a country such as Canada, which differs so markedly from one section to another, and where natural wealth is unequally distributed, efforts must be made to ensure that the national income is spread over the various provinces, without affecting the fiscal freedom of any province, a freedom that is a requisite for the exercise of their constitutional powers. On this score, the \$25 million paid to the Atlantic provinces in the form of economic adjustment subsidies, and the funds provided for tax equalization and for the financial stabilization of the less richly endowed provinces, which amount to a total of \$166.7 million, are, in my view, justified. The same applies to the \$22.5 million paid to municipalities in lieu of property taxes on federal properties.

There are a number of other grants that could be questioned, and indeed are so, with respect to the distribution—as defined in the constitution of 1867,—of the legislative powers as between the provinces and the central government. While some of those grants can take on a legal character on the basis of section 92 paragraph 10, which applies especially to works which are declared by the federal parliament to be to the advantage of two or more provinces or to the general advantage of Canada, there are others, such as grants to university education which, in my opinion, definitely go beyond the constitutional powers of the central government and constitute interference in an essentially provincial field.