

Dominion-Provincial Relations

is a serious decline in the economy, the increases which are mentioned here might even be completely wiped out.

This is a serious matter, and the minister should give consideration now to guaranteeing the provinces that they will definitely benefit in 1958-59 from this amendment, whatever the economic conditions are in that year and whatever the revenues from the standard rates may be for the federal government. I should like the minister to give serious consideration to that point.

Mr. Fleming: If there is a decline in the amount of revenue that the provinces have been receiving, a decline of the kind of which my hon. friend speaks, it will not be the result of any failure on the part of this amendment. It will be the result of a deficiency in the legislation as it stands, which he helped to introduce and pass through this house. This argument takes nothing away from the effect of the amendment. Manitoba and the other provinces will receive the benefit of the additional 3 per cent of the yield from the individual income taxes.

Mr. Lesage: That is not correct, sir. Manitoba and the other provinces will not get the benefit from the additional 3 per cent. If there is a decline in the economy, and if the revenues of the federal government from these standard rates decrease—

Mr. Fleming: Whatever the 3 per cent yields, the provinces will get. There is no guarantee—

Mr. Lesage: That is not what the amendment says.

Mr. Fleming: Apart from the operation of the stabilization principle, there is no guarantee, no floor established as to the yield that may be expected from the 10 per cent of the individual income tax, the 9 per cent of the corporation tax or 50 per cent of the succession duties. I draw your attention to this. There is nothing in this bill in relation to stabilization payments. They are mentioned in another section of the act entirely, which is not involved in the amendment here. We had this all settled yesterday.

Mr. Lesage: Surely I am not prevented from discussing the effect of the amendment; that is what the minister would like to do now, to impose another kind of closure and to prevent me from discussing the effect of the amendment on the benefits the provinces might derive. Let me remind the minister that stabilization payments are dealt with in section 5 of the act. I do not know if he has read it, but if he has he will see that the payments are based on 10 per cent of the

personal income tax yield. There is a payment to be made to each province for 1957-58 based on 10 per cent of the personal income tax. In each case, therefore, it is based on 10 per cent, as defined in what my hon. friend has called correctly the tax rental payments for 1957, or as defined here in section 5, the "adjusted 1957 tax rental payments" and then, for 1957-58, "the projected tax rental payments." Both will have been based on the 10 per cent personal income tax rate.

What I say is that the increase of 3 per cent, which will apply only to 1958-59, should be made applicable, but only for stabilization payment purposes, to section 5 of the act.

Mr. Cannon: I have listened with interest to this debate, and particularly the questions that were asked of the minister by the hon. member for Winnipeg North Centre, the hon. member for Essex East and the hon. member for Montmagny-L'Islet. They asked him to tell the house and the people of the country whether or not he was going to continue the equalization payments that were instituted by a Liberal government, or whether he was going to introduce some other measure. For the record, Mr. Chairman, I wish to suggest the answer that the minister should give under the circumstances. The answer he should give, to be absolutely truthful, would be to say that the present government has found nothing better than the equalization payments that were instituted by the Liberal government. The reason for this is easy to understand. The best brains of the Liberal cabinet tried to find a solution to these dominion-provincial tax-sharing difficulties for a great number of years, and I do not think it is any exaggeration to say that the best brains of the Liberal cabinet were at least equal to the brains we have in the cabinet now. In so far as advisers are concerned, they have the same advisers as the Liberal cabinet had.

If the Minister of Finance were fair and just and truthful, he would say they have found nothing better than the equalization payments. That they intend to go along with the equalization payments. He would admit also that the Prime Minister, yes all the Conservatives who waged the last campaign, were deceiving the people of Canada when they told them that they had a solution for the dominion-provincial fiscal problem that was better than the solution we had. They had no such solution then, and they have no such solution now, and I defy them to say what it is if they have one.

Mr. Legare: I have a question to ask of the Minister of Finance, but I will put it in French because I know he can understand me as well in French as in English.