

The Address—Mr. Rowe

It would seem that the government in Ottawa has manoeuvred in such a way as to block the economic development of the province of Quebec.

Since the 1 per cent yield on personal income tax gives the province of Ontario about \$9 million a year, it follows that in the next five years that province will collect \$180 million more than if the present arrangements had been maintained.

Of course, we do not object to the province of Ontario getting an amount of \$180 million. On the contrary, we are glad of it, but Mr. Frost must have been very disappointed, because relying on the Prime Minister's promise, he expected to get \$100 million more every year, not in five years. What we find unfair, however, is that Ontario will be getting \$180 million more over the next five years and that the province of Quebec will hardly be getting anything.

The situation would be very different under a Liberal administration, because we would restore equalization on the basis of the richest province, with the result that the province of Ontario would lose absolutely nothing and that the province of Quebec would be getting about \$150 million more.

To the regime of inequality and fiscal unfairness the present government has established, we will substitute a regime of equity which will enable not only one province but all the Canadian provinces to carry out their constitutional responsibilities.

As for financial assistance to municipalities, we can say without hesitation that the government's record in that respect is no brighter than in the field of fiscal agreements with the provinces. We could even add that the municipalities have been entirely forgotten. We might state that they were asked to shoulder a heavy financial burden when they were called upon to pay 70 per cent and even more of the cost of the winter works program to alleviate unemployment.

In this respect as under the previous topic, it is fair to draw the conclusion that the Conservative government has failed to carry out its promises.

Now, I should like to say a few words about the financial situation in this country.

At a press conference he gave in Saskatoon on May 27, 1957, the Prime Minister stated that he could carry out his program, reduce unnecessary taxes and have a balanced

budget. On that point, as on many others, the Canadian people have been deeply disappointed, because far from being reduced, taxes have gone up. Moreover, the government has shown a deficit every year and the total of those deficits, since 1957, comes up to more than \$2 billion. Now, if you add the \$900 million that came out of the unemployment insurance fund, you get a total of \$3 billion.

Off-hand, one could think that such tremendous deficits were brought about by tax reductions but, as I said a while ago, taxes have gone up.

It is true that in December 1957, taxes had been reduced by approximately \$204 million and by \$35 million in the baby budget of December 1960, but those reductions are much less than the \$352 million tax increase announced in the budget of April 1959.

To that increase of \$352 million must be added an amount of \$75 million representing the increase in the employees' contributions to the unemployment insurance fund. It can thus readily be seen that there has been no tax reduction but indeed an increase of \$187 million.

Owing to that succession of enormous deficits, the per capita debt which was \$670 at March 31, 1957, was up to \$688 at March 31, 1961.

It would be in order to point out again the monumental blunder of this government when, in the fall of 1958, it made its famous conversion loan of \$5,600 million. Some financial moguls were able to benefit by this loan, but many small investors lost from ten to fifteen dollars on each \$100 bond they had to sell before maturity.

Furthermore, as I have already pointed out, that loan caused a very high increase in interest rates. Needless to say that the loan had disastrous consequences on the budgets of our municipalities and school boards.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but his time has expired.

(Text):

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, if I failed to follow the remarks of the hon. member for Levis (Mr. Bourget) I hope he will not think I was not interested in the sincere and vigorous presentation that he made on this as on other occasions. It is not my desire either to increase repetition but I do wish to congratulate you, sir, on your elevation to the office of Deputy Speaker and I want to compliment you on the dignity and efficiency that you have already shown