

*Dominion-Provincial Relations*

is taken from any province. No province is hurt. So far as the accounting is concerned at the end of the year, this is a provision in a federal government statute in relation to the measure of accounting for these funds that this legislation provides to be paid by the federal government over to the provincial governments under certain terms laid down in the federal legislation. Is this a trespass? We are simply confining ourselves in this respect to what is proper federal legislation.

This bill does not purport, as the hon. gentleman thought, to confer taxing rights on the provinces. The federal government has no jurisdiction whatever to confer taxing rights on the provinces.

**Mr. Pickersgill:** Nobody ever said that at all.

**Mr. Fleming (Eglinton):** It is from the constitution of this country that the provinces derive their right to levy taxation, not from the federal government. This measure does not purport to instruct any provincial government or legislature to do anything. When the legislature of the province of Quebec in recent months raised the corporation tax in that province from 9 per cent to 10 per cent it proceeded in exercise of its own constitutional rights. It sought nothing of the federal government or of the federal jurisdiction; it exercised its own rights of its own volition as a free and sovereign legislature.

Incidentally, it may surpass imagination or belief, in the light of what has been said by hon. members opposite in this debate, that the measures that were taken by the Quebec legislature in that regard were taken unanimously in that legislature. There was no voice of dissent raised there. When legislation was passed there to raise the rate of corporation tax from 9 per cent to 10 per cent there was no voice of dissent raised there by the Liberal opposition in the house. When the Quebec legislature was invited to provide grants equivalent to \$1.75 per capita of population in that province, available equally among all the universities and institutions of higher learning in that province on the basis of student enrolment, there was not a word of opposition to that measure registered in the legislature of Quebec. No, every member voted for those measures. Those were measures taken by that legislature in exercise of its own sovereign rights.

How can so brilliant a man as the hon. member for Laurier be capable of such a befuddled interpretation of the plain words of the bill?

Look at what he said at page 3282 of *Hansard*. It just does not bear any more resemblance to the facts of this bill than day

[Mr. Fleming (Eglinton).]

does to night. Let me say to him that there is no provision whatsoever in this bill requiring a province to levy an additional tax of 1 per cent on corporate income. The province could raise the money to pay the direct grants to the universities by any method available to it under the constitution. The point is simply this. If the province wishes to replace the present federal grants to universities by equivalent direct provincial grants and if, as the legislation provides, satisfactory arrangements, in the view of the minister, exist for the payment of such direct provincial grants, the corporate taxpayers of that province will receive an additional abatement of 1 per cent in the rate of corporate income tax. That is the federal corporate income tax. Further, in order to preserve equity among provinces, the calculated value of that additional abatement to the corporate taxpayers, and hence to the province, will be adjusted to \$1.50 per capita by means of an additional payment or deduction from payments that are provided to be made under the terms of the act. It cannot be asserted that the bill either provides for the levying of a provincial tax on corporate income or that it provides for taking back any part of a provincial levy.

The hon. member went through some strange efforts at argument. He got mixed up in his references to one ninth of the standard corporation income tax referred to in the bill. He thought that that was the provincial tax. Of course, he was quite wrong. The standard corporation income tax is not only not a provincial tax—it is not even a federal tax, but a means of defining and calculating the amount due as tax rental under the provisions of the Federal-Provincial Tax-Sharing Arrangements Act. I trust that the next time the hon. member goes agunning he will come back with more game.

**Mr. Chevrier:** He will go again, don't worry.

**Mr. Fleming (Eglinton):** If he goes again I hope he will have a clearer head than he had when he undertook his speech on April 26.

**Mr. Chevrier:** At least he will deal with the bill.

**Mr. Fleming (Eglinton):** We are told now that there are conditions imposed. There were no conditions imposed upon the sovereign legislature of the province of Quebec in doing what was done; but in doing what the federal government is prepared to do with the money that is raised by federal legislation and for which the federal government must take the responsibility, the language of the bill is