

The Budget—Mr. Balcer

a greater measure than in the past, to direct taxation without increasing the burden of their taxpayers.

(Text):

The Acting Speaker (Mr. Applewhaite): Order. I am sorry to have to interrupt but I must advise the hon. member that his forty minutes have expired.

Mr. Arsenault: May I have a minute?

The Acting Speaker (Mr. Applewhaite): If the hon. member has unanimous consent to continue his remarks he may do so.

Some hon. Members: Agreed.

(Translation):

Mr. Arsenault: Liberal members from the province of Quebec who sit in this house are as conscious of the rights of their province and of the interest of the Quebec taxpayers as any of their political opponents.

Although they live in Quebec they are nonetheless Canadians. And as such, in the fulfilment of their duties, they do not forget that in 1867 it was decided once and for all that our country, Canada, would not be made up of ten nations, but of only one nation, from the Atlantic to the Pacific.

Therefore, all of us from Quebec should strive to always act in such a way that the government of the Canadian nation may, within the scope of the confederation act and in close co-operation with all the provinces within our confederation without exception, continue to make and increase if possible its truly magnificent contribution to the building of a happy and prosperous Canadian nation.

Mr. Leon Balcer (Three Rivers): Mr. Speaker, when the house adjourned twelve days ago, two ministers had acquainted us with the government's centralizing policy as regards the request of the provincial authorities of Quebec for the deduction of the provincial tax, and today, the hon. member for Bonaventure (Mr. Arsenault) has repeated those very arguments, to which he added some of his own, without, however, substantially improving the government's position.

It would be difficult to imagine a weaker argument in favour of their refusal. In view of the unpopular position of the government, all three wanted to leave the impression that they were expecting a suggestion from the prime minister of Quebec. "We are leaving the door open," they said, "and if the prime minister of Quebec wants to come and discuss the matter with us, we will be delighted."

[Mr. Arsenault.]

And yet, there is nothing clearer, nothing more precise or reasonable than the Quebec government's proposal.

The province of Quebec, which is experiencing an industrial expansion unmatched in its history, is faced with the increasing needs of its population. Quebec, where large families are legendary, has acute problems to solve, in order to give her children the education they deserve and have a right to expect, in a wealthy country such as ours.

The province needed more revenue to give her population the same treatment as that afforded the rest of Canada. The Quebec government had to resort to income taxation and showed its good will in taxing, under the constitution, personal incomes on a scale representing 12 to 15 per cent of the amount the taxpayers must pay to the federal government.

The provincial government could have gone farther but it has shown the good will of Quebec by asking the deductibility of an amount less than that offered by the federal government for the signing of the agreement involving its autonomy. By doing so, it affected in no way the agreements concluded between the federal government and the other provinces.

Thus, the poorer, or so-called poorer provinces could still receive these subsidies which are indispensable to them. But, at the same time, it showed that the people of Quebec are determined not to sell their rights for a mess of pottage.

And what were the arguments advanced by the federal government to reject such a reasonable offer which in no way disturbed its plans?

Here are a few examples. First of all, the hon. Minister of Finance (Mr. Abbott), in his budget speech—that is, speaking for the Liberal government—said that he could not allow this tax to be deducted because the province might perhaps, some day, claim a deductibility of 30, 40 or 60 per cent.

This is a childish argument since what is involved is an amendment to the Income Tax Act and since absolutely nothing prevents the government from taking a decision to the contrary. If it cannot allow the extent of deductibility which is being asked for, it can simply refuse, being the sole judge in this matter.

If the request of the provincial authorities is unreasonable, nothing prevents the federal government from rejecting it. But, so long as the provincial government's request means less than the amount which the federal gov-