

King praying that a measure be submitted to the parliament of Great Britain and Ireland to amend the British North America Act with respect to taxation and guarantee of provincial debts.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I have said that the criticism of the resolution before the chair has been of a contradictory nature. For instance, during the course of the debate the provinces have been alternately represented as being allies who were being ill treated and sacrificed by the central government, and almost immediately afterwards as being aggressive enemies wanting to grab everything. They were alternately lambs and tigers. They have been represented as trespassing upon the rights of others. As the hon. member for Broadview (Mr. Church) said, they were wanting to take away what really belonged to the municipalities, such as the amusement tax. Immediately afterwards he said that the whole resolution was a gross invasion of the rights of the provinces. It has been stated that they already have the power which it is sought to grant them by this resolution, and then in the next sentence the danger of granting that is pointed out.

Mr. BENNETT: Not the danger of granting that, no.

Mr. LAPOINTE (Quebec East): I am not referring just to my right hon. friend although I shall come to him in a minute or two. The hon. member for St. Lawrence-St. George (Mr. Cahan) was quite strong in his denunciation of the provinces and provincial methods of taxation. If I am not mistaken, he used the word "probity" towards the end of his remarks. My right hon. friend said that the whole thing appeared to be lightly done; then he went on to say that it was done in a loose way. I know he did not mean to be offensive, but that is what he said. I think that was a harmful statement to make. I do not think there has ever been a resolution of this kind introduced in this House of Commons which has been surrounded with more precautions than this one. The subject matters of this resolution were discussed at great length at a dominion-provincial conference, they were discussed in a subconference of that conference, and in committees. The drafting of the resolution was carried out by the law officers of the dominion who had the co-operation of the attorneys general and law officers of the various provinces. The drafting of the resolution was changed because of objections which were made from time to time. I do not think it is fair to say that the necessary care was not given to its preparation.

I do not resent that statement for my own part—I take full responsibility for this resolution—but I do resent the statement on behalf of the officers who worked so hard in the preparation of this matter and on behalf of those who cooperated in order to make it as complete and as lawful as possible. As I said, I think such a statement on the part of my right hon. friend is harmful. He must have realized this afterwards when other members of the house said that they did not know themselves, but they had heard the right hon. gentleman say that this had been done in a bad and loose way. Of course, this will be repeated elsewhere. I do not think it is a fair statement to make and I think it would be better for a distinguished gentleman like my right hon. friend not to cast reflections of this kind on a piece of legislation that everybody knows has been given all the care justified in its preparation.

My right hon. friend says that there is no necessity to widen the field of taxation for the provinces because they already have the right to tax commodities by way of a retail sales tax. They have had this right since the decision of the privy council in the British Columbia and Kingcome Navigation Company in 1934. At that time the privy council upheld the legislation of British Columbia after having declared void and invalid the legislation passed for the same purpose a few years ago but in another way. The privy council stated that the last piece of legislation was direct because it was taxing not the article, fuel oil in this case, but the consumer. Everybody in British Columbia who consumed fuel oil would be taxed. The provinces claim, and I think rightly, that it would be very difficult to apply the same sort of tax to other commodities which they might want to tax; that the method used by British Columbia would make it a very expensive tax to collect. They thought it would be much better if the same purpose could be achieved in another way, and I do not see why this right should be refused to them.

I must say that I was surprised when I heard my right hon. friend make a certain statement yesterday. When he saw the utter surprise on this side he admitted later on that it was not his strongest argument, but at the time he advanced it as a very serious one. He said that by giving to the provinces this right of an indirect retail sales tax we were taking it away from the Dominion of Canada.

Section 92 states:

In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated.