

Dominion-Provincial Relations

Mr. Martin (Essex East):—that would win even the commendation of a close friend like myself. The hon. member for Coast-Capilano, who is not as generous in this particular as I am, says that he cannot recall any instance. I think that is unfair. But I do say to my hon. friend that if he really wants to give evidence of the outstanding qualities that he really does possess, the kind of boldness that on other occasions and in other situations he has manifested, let him now even at this very late date take the house into his confidence and tell us why he brought in this interim measure, tell us why the Prime Minister will not reconvene the conference and tell us what the government's true position is with regard to the principle of equalization. If my hon. friend will take that course he will undo all the mischief he has perpetrated since last Saturday.

Some hon. Members: Oh, oh!

Mr. Lesage: Mr. Chairman—

An hon. Member: Again?

The Acting Chairman (Mr. Rea): Order.

Mr. Lesage: Mr. Chairman, I have not spoken on second reading and this is the first time I rise on the committee stage of the bill. Moreover, I do not need to ask the permission of hon. members opposite. The only hesitation I had in rising came from the fact that I thought that after the really moving appeal the hon. member for Essex East (Mr. Martin) made—

Some hon. Members: Oh, oh!

Mr. Fleming: You are laughing yourself and so is everybody else.

Mr. Lesage:—to the Minister of Finance the minister would have taken the opportunity to assure the house and the country that the reason why he does not wish to say what the policy of the government is, is not that they have in mind sabotaging the basis of equality and justice found in the principle of equalization with respect to fiscal arrangements. However, I see that the Minister of Finance is silent and the only conclusion we can draw is that he and his colleagues are ready after the election—of course they would not do it before the election—to sabotage the principle of equality and justice with which the provinces as a whole are all satisfied.

I wish to raise a special point. This morning the Minister of Finance answered the questions I asked yesterday and I thank him for doing so. However, he admitted this morning that the new rate of 13 per cent will not apply for stabilization payment purposes. I should like to draw his attention in

[Mr. Fleming.]

a very special way to this problem and I will illustrate the importance of the point by referring again to the figures he put on *Hansard* on Monday. I will take the case of Manitoba as an example. Let us suppose for one moment that the projected tax rental agreement for 1957-58—I am now using the term as defined in the act—results in the figure found in line 10 of the table, namely, \$32,350,000. That is based on 10 per cent of the personal income tax. If I am wrong at any time I should like the minister to correct me as I go along. The figure of \$32,350,000 is based on 10 per cent of the personal income tax yield.

According to the table, if the yield of the standard rates in 1958-59 is the same as estimated for 1957-58, Manitoba will benefit by an additional payment of \$3,405,000, bringing its payment in 1958-59 to \$35,755,000. I believe that is correct. If I am wrong I should like to be corrected.

Mr. Fleming: The larger figure my friend has quoted is the estimate of the amount that would accrue to the province after the amendment now under discussion has been adopted.

Mr. Lesage: That is what I said, I think, for 1958-59.

Mr. Fleming: It being the assumption under the new formula.

Mr. Lesage: That is right, that is what I said, I believe, all the way. What I say, sir, is that it might very well happen that, because of a decline in the economy and a consequent reduction in the revenues of the federal government from the standard rates, these standard rates will not yield \$35,755,000 in 1958-59 for Manitoba. I say that Manitoba should be entitled to a stabilization payment based on that figure of \$35,755,000, if that had been the projected tax rental payment for 1957-58. I made this argument yesterday, and I am applying it to Manitoba.

In other words, for the purpose of stabilization payments, the new rate of 13 per cent should apply both to the adjusted 1957 payments and to the projected 1958-59 payments, but the bill does not have this effect, as was admitted this morning by the minister. What I ask the minister to do is to consider amending this bill, because if we do not apply the new rate to the stabilization provisions of the act, with a decline in revenues in 1958-59, we might very well deprive the provinces of a very substantial part of the benefits that they might expect to accrue to them from this amendment to the act. If we have a decline in the economy, this might turn out to be what I would call an Indian gift. If there