

Income Tax—Deduction of Quebec Tax

Quebec might give to the other provinces the idea to ask for the same right and claim their entire share of income tax.

I find an eloquent answer to that objection in the 1952-1953 budget speech by the Minister of Finance, in which he dealt with federal-provincial relations. I quote *Hansard* for February 19, 1953, at page 2131:

As the house knows, his proposals took the form of optional agreements relating solely to taxes, known popularly as tax rental agreements. The virtue of this approach was that it was not dependent for success on the unanimous acceptance by all provinces. A cardinal principle in the offer was that no pressure, direct or indirect, should be placed on any province to accept an agreement.

Further on, the minister adds:

This double-barrelled system would, I think, imply the unanimous acceptance by all provinces before it could be adopted. This might never be possible. As a matter of fact, I am by no means sure if I were a provincial minister of finance that I would agree to such an arrangement. I am afraid I would find something repugnant in the idea that an outside body—a board, council or commission—would be investigating provincial affairs and determining the size of the fiscal needs for a particular period which amount in turn would be the measure of the federal grant.

Those words of the Minister of Finance uttered in this house last year also favour the deduction of the Quebec tax.

The federal government cannot contend that it fears that the province might increase her requests up to 100 per cent of the tax. The offer of a fiscal agreement sets a standard and the request made in this motion is inferior to it by several million dollars. That is why to accede to Quebec's request would not be detrimental to any province or to the federal government.

How can the Minister of Finance say that the principle underlying the taxation question is that no direct or indirect pressure will be brought to bear upon the provinces and that their choice would be optional, if, in order to exercise her rights to taxation, a province must assume an additional burden of \$25 million?

If the federal government refuses to authorize the deduction of the Quebec tax, that will go against the statement of the Minister of Finance and will mean rather: "I leave you free to accept or not the tax agreement, but if you reject it, that will cost you another \$25 million." It is not the Quebec government that should be considered by the federal government but the taxpayers of this province which must not be penalized because they have made the choice which, even according to the federal government, they were free to make.

The basis of the American constitution is this great democratic principle: "No taxation without representation". I believe that the

opposite is also true. No government could efficiently carry on, deprived of its taxation powers.

It becomes a servant of the central state, an honorary body, and thus destroys the very existence of its national entity which is a constituent part of confederation.

Nobody in this country can deny that the confederative pact was a convention between two races. The Massey commission is definite in that regard. Every eminent Canadian has praised the dual culture which is the basis of Canadian unity. No single important politician in this house has failed at one time or other to emphasize the importance of maintaining Canadian unity by respecting the dual culture which is the most valuable attribute of Canada. It is therefore agreeing in principle to the fact that each racial group has the right and duty to have its own culture flourish and, thus, to develop our national life.

Therefore there can be no over-all or universal formula to develop both racial bases of the Canadian people equally. That is why it is up to each racial group to direct its destinies the richness of which is found in their diversity. The province of Quebec, the natural garden of French culture, has an exclusive right in the pursuit of its national destiny.

Its aim is to retain it within the framework of its autonomy, and the taxation issue serves to put that autonomy in a concrete form; even if it were mistaken, Quebec is the only one having the right to commit that error.

To deny it the right of choosing its own method of attaining its destinies is to seek to destroy that Canadian unity based on a dual culture.

Mr. Robert Perron (Dorchester): Mr. Speaker, I welcome the opportunity to take part in this debate.

The matter under discussion is of very great importance to at least half the taxpayers of the province of Quebec. At the same time it is of the very greatest importance, from the point of view of the principles involved.

Before entering into the heart of the matter, may I be allowed to congratulate the hon. member for Chicoutimi (Mr. Gagnon) who has initiated this most important debate. As far as I am concerned, Mr. Speaker, it is the first time that I am privileged to speak in this house. I crave your indulgence, especially since I am rising after the eloquent speeches which we have just heard.

The government of the province of Quebec, therefore, in the session just ended, has