

*Income Tax Act*

the case for a distinctive national flag for Canada. While there was much excitement in Winnipeg, the same situation prevailed in various places in the province of Quebec, in Montreal, St. Lazare and other localities. A bomb was even placed under Victoria bridge.

Everything hinges on the following point: should the federal government centralize everything or award a greater autonomy, or even full autonomy, to the provinces? That is the core of the matter, which summarizes everything. What the province of Quebec wants is fully and completely to recover all its direct taxation sources. Quebec has begun to express its views strongly, and I can assure you that the adoption of a distinctive national flag will not be enough to satisfy Quebec.

A distinctive flag is only an outward sign. The roots of the evil lie deeper; they are to be found in the fact that French Canadians want an autonomous state which will be able to administer itself and, therefore Quebec must recover its sources of taxation. And when Quebec has recovered its sources of taxation, it will be possible to have an agreement between the governments of Ottawa and Quebec. But as long as that is not a fact, and more particularly, as long as the taxation sources are not handed back to the province, the agitation will continue, and the province of Quebec will never be satisfied.

What is needed is amend clause 9 of the bill before us in order to give back to Quebec 100 per cent of what it has been claiming for a long time. That is the main problem at this time.

Shall we simply go on making fine speeches about national unity? Shall we go on making fine speeches on Canadian nationalism in the face of the clear requirements of Quebec in matters of fiscal autonomy?

Mr. Chairman, as we are now dealing with the taxation field, I shall refrain from mentioning other clauses and only discuss fiscal autonomy, as this is the point under consideration.

Quebec wants to recover its taxation sources, and I think that the federal government would be well advised to adopt a plan which would give back to the province of Quebec the sources of revenue it needs to develop from a cultural, political, economical and social point of view before it is too late.

Quebec needs its sources of revenue, and the central government should work out a plan to remit to the province 25 per cent of its direct and indirect taxation sources this year, 50 per cent next year, 75 per cent in two years, and 100 per cent in 1967. There, Mr. Chairman, is one of the formulas which

might make it possible for the agreement to survive in Canada. When what divides us is divided, we shall be better able to agree wherever agreement is possible.

The problem of fiscal distribution is a continual source of division between the federal and the provincial governments. Therefore, why not remit to the province of Quebec the sources of revenue to which it is entitled under the 1867 constitution? It is because the latter has been violated too many times that it is less acceptable today. It is because the provisions, too often, were broken—

**The Chairman:** Order. I venture to interrupt the hon. member to point out that while the comments he is making are extremely interesting, they are not quite relevant to the clause under discussion. I do not think that under the circumstances, he is free to make general statements on national unity or fiscal autonomy to which he made reference.

The hon. member knows that at the committee stage, we must strictly limit our remarks to the clause under discussion, and I suggest that he should limit his observations to the very specific points now before us.

**Mr. Martineau:** On the point of order, Mr. Chairman, I think that when the right hon. Prime Minister (Mr. Pearson) introduced the amendments in the house, he said they were for the purpose of strengthening national unity, and that is why I think the remarks of the hon. member for Lapointe are quite to the point.

**The Chairman:** Without wishing to enter into a discussion with the hon. member for Pontiac-Témiscamingue, even if the right hon. Prime Minister made those comments, I am sure he did not intend to encourage the members of the committee to make speeches dealing with policy statements on every clause submitted to the committee.

Such comments might be relevant on clause 1, but I doubt that they are on clause 9 which is now under discussion.

**Mr. Grégoire:** Mr. Chairman, I thank you for having said that my remarks were very interesting. I am sure they will be interesting indeed for the future.

However, I am surprised that you should call me to order on that, because the previous legislation provided that 19 per cent of the basic tax would be turned over to Quebec in 1965 and 21 per cent in 1966. And now, that is being changed to 21 and 24 per cent. Why? Surely, we must analyze the reasons why that is being done. It is because Quebec requested it. Once the reason is known, the problem can be studied. And now we know the reason for those changes. They are the