

*Federal-Provincial Relations*

mit that is a distortion of the constitution, and anyone who would attempt to do that is exhibiting the tendencies which I described as separatist. It is true that direct taxation is listed in section 92 as one of the prerogatives of the provinces; but I would like to point out that in section 91, where are set out the powers of the parliament of Canada with regard to legislation, it says, if I may quote in part:

—but not so as to restrict the generality of the foregoing terms in this section, it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated—

Then No. 3 is:

The raising of money by any mode or system of taxation.

My submission is that the premier of British Columbia cannot have said these things inadvertently, considering his knowledge and experience, and he has tried to suggest in his submission something which is simply not correct as far as the constitution is concerned. I would also point out that earlier today the hon. member for Villeneuve quoted this particular statement of the premier of British Columbia in reference to the British North America Act and the powers of taxation. He quoted it with a good deal of approval as in effect bolstering the argument he was advancing in this house. I did take pains to point out to the hon. member for Villeneuve later, informally, that he should not always take at face value statements of that kind when they were made by the premier of British Columbia, because thereby he was being led into a serious error and misunderstanding with regard to our constitution. In effect the hon. member for Villeneuve was attempting to use this statement to bolster his argument in favour of the positions taken at the recent convention of the Ralliement Cr ditiste in the province of Quebec. Therefore I think that when one finds that kind of relationship perhaps my claim of separatist tendencies, which I consider dangerous to the well-being of the Canadian federation, is not without foundation.

**Mr. Olson:** Mr. Chairman, a few minutes ago the Minister of Finance made a statement, with regard to which the hon. member for Fraser Valley took him to task, to the effect that no self-respecting province would change its method of bookkeeping or accounting to assist in this equalization formula. I do not believe the Minister of Finance can argue that

[Mr. Barnett.]

it may be prudent for the three western provinces to set up what might be termed a capital account. I say that because at the present time such things as sales of capital assets by auction now find their way into current revenue, in so far as the accounting that is carried on at the moment is concerned. I think this is in some ways a perfectly straightforward way of keeping these accounts. I would like to draw to the attention of the Minister of Finance—

**An hon. Member:** It leads to bankruptcy.

**Mr. Olson:** An hon. member says it leads to bankruptcy. It certainly has led to discriminatory action in regard to equalization and taxation, as they are applied to the province of Alberta. I thank the hon. member for Edmonton West and I hope some of his colleagues in the Conservative party from the province of Alberta will follow his example in rising in the house on an occasion such as this and standing up for the people of the province of Alberta when we see this discriminatory kind of legislation before the house. I commend him for doing that and I hope, as I have said, that his other Progressive Conservative colleagues from Alberta will do the same; because all too often in this house we have seen some of the members from the province of Alberta take great delight in downgrading their province. We do not think this is proper.

To get back to the point I was trying to make with the Minister of Finance, there have been occasions when the right to develop proven oil areas, areas in which there are proven reserves, have been offered for sale in the province of Alberta. On more than one occasion this has been done by way of a bonus, or whatever you want to call it, to the tune of \$10,000 per acre. In fact, in one case I remember, just the right to a lease to develop the area for a 20-year period was sold for \$16,000 an acre. That is not a recurring revenue. That sale gave the right to the oil company, or the individual—whoever bought it—to develop that area over a period of time as laid down in the terms of the lease. It is not fair to consider that to be an ordinary current revenue.

The minister says that no self-respecting province would set up a capital account in which to put these kinds of funds, to separate them from recurring or ordinary current revenue. I hope the federal government are not on a course that is going to force the province of Alberta and other provinces to do this kind of thing. To get back to the point in