

Dominion-Provincial Relations

that speech, which was a most violent charge against all Acadian patriotic organizations in the province of New Brunswick, including SONA which is launching a drive for funds in favour of national societies in Acadia.

(Text):

Now, Mr. Chairman, yesterday the Minister of Forestry said I could not give one project that the new provincial government had started and completed, and he challenged me to name one. The minister knew then that under the rules of this house I had no right to reply. The minister should also know that the present government of New Brunswick has only been in power for 15 months, and the type of project that is being undertaken by the present government will take more than 15 months to complete. If the rules in this connection would allow me to enumerate what has been done by the present government of New Brunswick in the short time it has been in office, I think the Minister of Forestry would have a reply to his challenge. May I mention in passing the abolition of hospital premiums which his government introduced, and which were abolished within a few days after the present government came into power.

In so far as new industries are concerned, the present government of New Brunswick has guaranteed more financial loans to new industry in New Brunswick in a period of 15 months than the previous government under the leadership of the Minister of Forestry did during its eight years in office.

I have one question I should like to ask the Minister of Finance. If he looks at table 3 on page 7927 of *Hansard* he will see that under the new formula New Brunswick will receive for the year 1962-63 approximately \$36,265,000. Then if he looks back at page 7919 of *Hansard*, table 4, he will find that New Brunswick under the present formula will receive for the year 1961-62 the sum of \$36,334,000. According to the figures which have been released by the Minister of Finance, therefore, under the new formula New Brunswick will receive \$69,000 less in 1962-63 than it would under the old formula.

Mr. Fleming (Eglinton): The hon. member is comparing two different things, Mr. Chairman. If he will look at the table on page 7927 he will see that the amount of \$36,265,000 is the provision under this bill in relation to standard taxes, whereas the table on page 7919 includes such other things as statutory subsidies, which in this present year amount to \$1,754,000, and as well, the public utilities taxes which, in the present year, amount to \$164,000. These sources of revenue are not

[Mr. Robichaud.]

included in the figure \$36,265,000 for the fiscal year 1962-63 under this bill and indicated in the total on page 7927.

Mr. Robichaud: I thank the minister for the information.

Mr. Chevrier: Yesterday the Prime Minister in the course of his remarks made a great deal of the fact that the government claims this new proposal is a return to the spirit of the constitution, and that it gives to the provinces their complete rights in the field of direct taxation. Well, of course, we all know that is not so. I would not want to qualify it with the word "nonsense" that we often hear from the other side of the house, but that statement certainly is not a fact. The present system, which has been in existence since 1957, gives three options which were offered to the provinces. They could levy and collect their taxes at whatever rates they wished to determine, as in the case of one province. They could simply rent the three direct tax fields, or they could levy these taxes and the federal government was willing to collect, provided the provincial rates did not exceed the standard rates. Under the new system the rental option would cease to be available but the federal government would be willing to collect provincial taxes at any rates.

While this last change may be an improvement in certain rich provinces, it could hardly be described as a revolution or a return to the spirit of the constitution. It may well lead, as has been stated by several premiers who took part in this conference, to a return to the tax jungle of the thirties. However, to the extent that the provinces will have to depend on additional direct taxes without equalization for their financing, I have no hesitation in saying that great financial inequalities and great regional inequalities will take place across the country.

This leads me to ask the minister one or two questions. I think the government and the minister should state clearly and unequivocally what the province of Quebec will receive under this legislation as compared with the old scheme. Perhaps the minister might reply to that now in order that we may avoid repetition.

Mr. Fleming (Eglinton): In the interests of orderly procedure there are some things I wish to say in reply to the hon. member for Bonavista-Twillingate, and the hon. member for Laurier has just said some things I will have to comment upon, however briefly. I wonder which would contribute best to orderly procedure, Mr. Chairman; that I dispose of the questions and then deal in general terms with the remarks that have been made, or reverse the order? I had assumed the latter.