

*The Budget—Mr. Arsenault*

on gasoline to be collected according to the whims of the city of Montreal, would not other towns, villages, and municipalities of the province, for instance Quebec city, Sherbrooke, Three Rivers, be strongly tempted to invoke the same principle and to follow the example of Montreal?

How long could a public treasury, be it provincial or federal, be maintained under such a system?

Some say that since the federal government already grants a 5 per cent deduction under the Income Tax Act, the 15 per cent tax asked for by the province follows the same principle.

No, Mr. Speaker, the principle is not the same.

In one case, the 5 per cent represents an amount placed by the federal government at the disposal of those provincial governments who refuse to accept the advantages of a fiscal agreement, 5 per cent of the personal income tax collected by the federal government being the very basis upon which the amounts to be paid under multilateral agreements are computed.

As far as the 15 per cent is concerned, it is an amount which a province wants to take without agreement, without consultation, without negotiation, without authorization, in spite of the law of the country and in contradiction of the basis upon which rest the fiscal agreements with all the other provinces.

True, the provinces have rights. But the same constitution also grants rights to the federal government which has very heavy responsibilities towards the Canadian people.

Consequently, if the Canadian government accepted the principle that Quebec or any other province could enact unilateral legislation providing for the refund of the amount of taxes which that province decided, for one reason or another, to levy, how could the Canadian government continue to meet its crushing load of obligations contracted to ensure the national, economic and social security of the Canadian people?

Since 1945, the Canadian government and more particularly the Minister of Finance (Mr. Abbott) have made great efforts to find a basis of financial co-operation with the provinces, which would be fair and equitable for each and all of the provincial governments and respect provincial autonomy while enabling the government of the Canadian nation to fulfil its obligations towards all the citizens of the country.

[Mr. Arsenault,]

That basis of co-operation has been found and accepted by all Canadian provinces, except the province of Quebec.

The federal-provincial agreements are perhaps not perfect, but they nevertheless constitute the best formula which men of good will have yet been able to find in the interest of good administration of the provinces and of the prosperity of the Canadian nation.

Thanks to these fiscal agreements and to numerous other financial arrangements between the Canadian government and the other provinces, such as those relating to the construction of a trans-Canada highway, grants to universities, housing, protection of our forestry resources, aid to fisheries, conservation of our water resources, development of physical fitness, setting up of national parks, etc., the other provinces of the confederation fully share in the marvellous economic development of our country.

Meanwhile, in the province of Quebec, they keep on wasting extremely valuable time in discussions over principles which are not at issue; bogeys are set up as has been done so often in the past, for instance with regard to old age pensions and family allowances; and they unfortunately instil in the minds of our Quebec youth the idea that Ottawa is the capital of a foreign country, if not an enemy country.

Again this morning, I was reading in a Montreal newspaper this headline: Duplessis continues to wage his war against Ottawa.

Is there no other solution to this difficult problem of fiscal relations between Quebec and Ottawa than a struggle to the death where everybody, Quebecers and Canadians, stand to lose?

I share the views of those who believe in conciliation. I still think that intelligent men may come to an agreement in the interests of the taxpayers of a whole province who are anxiously awaiting a settlement of the matter, and who are insisting upon one.

Let us reduce the problem to essentials. What is the point at issue?

Quebec wants to receive and Ottawa wants to give. But there is no agreement of a formula under which Quebec would receive and Ottawa would give. And the tragedy of all this is that Quebec, the one province which requires far less than what Ottawa is willing to give, is the very one which is accusing Ottawa of refusing to give.

Is that not the case?

What the Quebec provincial government wishes to obtain through this new personal income tax legislation which it has imposed on its taxpayers is \$22 million more per year for a period of three years.