

tax-sharing agreements with the states and cities, pursuant to which President Nixon has proposed that a fixed proportion of all federal revenues be turned over to the states and cities.

With regard to the situation in Canada, the hon. member stated that all our cities and provinces are being offered loans, and that loans are not as good as grants and tax sharing. I will not say much about the probability of President Nixon delivering that package; I think there may be some difficulties. I have read that Wilbur Mills, the chairman of the House committee which has to approve these proposals, is opposed to them. He informed the press that he intends to kill these proposals.

Let us look through the difficulties and see what would happen if President Nixon were successful and these tax-sharing proposals were implemented in the United States. How much worse off are we in Canada? The hon. member for Spadina has forgotten, if he ever knew it, that in this country we already have precisely the same program that President Nixon is proposing. A sharing program is already in existence. It has been in existence in this form since World War II. The plan is called the Income Tax Act. I am surprised that the member has not heard of it.

The Income Tax Act of Canada provides that a fixed share of all the revenue collected by the federal government is automatically turned over to the provincial governments. This is what President Nixon is proposing in the United States. We have had it in this country for over 20 years. In fact, what we have in this country is very much better because it is an amount fixed by the provinces. The provincial governments can decide what share of that revenue they shall receive. They have the right to pass provincial laws, which the federal government undertook many years ago to recognize, by which they can raise as much money through the Income Tax Act as they like. If they want to raise the same amount of money as the federal government, all they have to do is pass legislation. The federal government has already agreed to collect that money. This is very different from the position of the United States. In the United States there is no tax-sharing agreement. The states are limited in their powers and tax resources. They are pale and puny counterparts, at best, to the mighty provincial governments of this country.

The provincial governments of this country have virtually every taxing resource that is available to the federal government. There is only one way the federal government can raise money that the provincial governments cannot; that is through customs and excise, which is not a major source of revenue for the federal government. The federal government and provincial governments can raise money through death duties, income tax, sales tax, licence fees and royalty charges. This fantastic American idea, which is put forward as the main, concrete proposal of the Conservative Party in this debate is a measure which has been in force in this country since the last war. So much for idea No. 1.

Idea No. 2, Mr. Speaker, puts a Toronto member in a bit of dilemma: I confess that. I want to confront the

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dilemma and indicate the alternatives as I see them and the reasons why, after all is said and done, I am also with the government on this one. Proposal No. 2 is that the Canada Assistance Plan be altered so that the federal government contributes more than 50 per cent to the cost of welfare. That is very tempting. By having the federal government contribute more than 50 per cent, it sounds as though the burden on the people of Toronto will be reduced. That appears to be the case. However, when you look behind that apparently simple proposal, you find it is not the case at all.

I wish to deal with the argument put forward by the hon. member for Spadina, who stated that the city government cannot raise additional resources to provide extra jobs or to increase welfare payments. He stated that taxes at the municipal level are already too high. I agree with that. Without wanting to digress very far, I note that the provincial government determines the manner in which municipalities raise their revenue. Queen's Park could allow the city of Toronto to have an income tax or sales tax if they so wish. However, what have they done? They have required the city of Toronto to depend on a most unfair and regressive land tax plan.

The hon. member had no hesitation in condemning that tax. But that is not a condemnation of the federal government; it is a condemnation of Queen's Park. They should smarten up at Queen's Park and revise the method by which revenues are raised by the city of Toronto.

Some hon. Members: Hear, hear!

Mr. Kaplan: The hon. member then stated that we cannot ask the provincial government to raise more money. His reason is that the provincial government is in exactly the same position as the municipal government. He stated they are strapped for the same reason as the cities. I do not think that is valid; however, I accept the point that the provincial government is strapped. If the provincial government is strapped by the present downturn of the economy and other pressing problems, the federal government is just as strapped. As I stated a moment ago, the federal government gets its money from exactly the same place as the provincial government—our pockets. It has the same alternatives for raising revenue as the provincial government. There is no mountain of gold in Ottawa. Its resources come substantially from Toronto pockets.

I could accept the argument of the hon. member for Spadina if he were from Newfoundland, Quebec or one of the hard pressed Prairie provinces. However, coming from Toronto, his proposal is entirely illusory and against the interests of our city. The effect is that the revenue which the federal government would require if welfare payments were increased would affect our city in a disproportionate manner. A federal government program of this kind would benefit Newfoundland, Quebec and the Prairie provinces, but from the point of view from my constituents, the people of Toronto, it would cost them more than they would get out of it. I challenge the hon. member to demonstrate that the people of Toronto would be better off if the federal contribution under the Canada