Oral Questions

[*English*]

FINANCE

SALES TAX—REASON FOR NOT ACCEPTING MANITOBA'S PROPOSAL TO CREATE JOBS

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the Minister of Finance. Notwithstanding the fact that Manitoba is now bound and committed to going along with the sales tax proposal, could the minister explain why he, according to his own statements in the House yesterday, was willing to accept counterproposals from British Columbia and Saskatchewan and to discuss these proposals with other provinces, while he rules out the Manitoba proposal of applying part of the so-called tax room for job creation?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is very simple. I had talked with all the ministers about the concept that we were discussing and I had their views. In fact, the last minister to whom I talked was the minister of finance of Manitoba when I came back from my trip out west. After the discussions I had with the other ministers I realized that the proposal, if applied, would not have been a successful one and I said to them that it was outside the proposition I was making, which was to stimulate the economy through the sales tax, which is not what Manitoba's proposal would accomplish.

Mr. Epp: Mr. Speaker, I have a straightforward question for the minister. Did the minister, in fact, take the Manitoba proposal on tax room regarding job creation to the other provinces for consultation, or did he reject the Manitoba proposal out of hand, without any consultation?

Mr. Chrétien: Mr. Speaker, my attempt was to induce all the provinces to agree to cut sales taxes altogether. Of course, the proposition for job creation was outside the mandate I had to discuss with the provinces. I discussed its pros and cons with the ministers, and I told the Manitoba minister on the spot that I did not think his proposal was relevant to the proposition I was making and I could not accept it. I was already well aware of the views of the ministers on other aspects which had been ruled unacceptable.

Mr. Clark: Double-standard.

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NATIONAL REVENUE

POLITICAL ACTIVITIES OF CHARITABLE ORGANIZATIONS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct my question to the Minister of National Health and Welfare in her capacity as Acting Minister of National Revenue. Yesterday, in the Standing Committee on Finance, Trade and Economic Affairs, the Minister of National Revenue issued a statement supposedly clarifying the government's position on the withdrawn circular on regulations regarding political activities of charitable organizations. But the minister has only confounded and confused the issue.

[Mr. Lambert (Bellechasse).]

I ask the acting minister whether it is the government's position that if a registered charitable organization in Canada, such as one of the churches, engages in a peaceful demonstration which is a political activity, as is their democratic right, that church or organization, under those circumstances, would be in violation of the regulations and would have its tax status withdrawn.

Hon. Monique Bégin (Acting Minister of National Revenue): Mr. Speaker, we do not yet know if that specific type of activity would be assessed as conforming to the law or as outside the act. I hope the hon. member is not trying to play one minister against another because one of them sits in the other place and the other is a member of the House. I will want to see the record of the committee discussions which took place. What I said in the House is that circular 78-3 was withdrawn and is being studied to define what democratic political activities are permitted under the Income Tax Act.

Mr. McGrath: Mr. Speaker, unfortunately, I do not have the right to question in the House the Minister of National Revenue; I only have the acting minister. I am not trying to put words in her mouth; I merely want to ask her if it is the government's position, as stated yesterday in the committee by the Minister of National Revenue and the Deputy Minister of National Revenue, that if a charitable organization such as a church engages in peaceful demonstrations on Parliament Hill, at Queen's Park or at Quebec City, for any cause such as pro-life, anti-abortion or capital punishment, this activity would be designated as a political activity and it would lose its tax exempt status.

If that is the position of the government as stated by the minister, I ask the acting minister, on behalf of all reasonable Canadians, whether that ridiculous regulation will be withdrawn forthwith.

[*Translation*]

Miss Bégin: I will attempt to answer in French this time, Mr. Speaker. Circular 78-3 has been withdrawn to give the parties involved a chance to make an in-depth study of political activities which will be acceptable with respect to charitable donations under the Income Tax Act. The hon. member is now referring to a discussion between members of a House committee, between the minister and his deputy minister where people were evidently examining certain types of activities. That is now under study and it is not up to me to answer now in the House. The moment the new circular is ready, it will be tabled and circulated as are other circulars of the Department of National Revenue.

● (1442)

[*English*]

Mr. McGrath: Mr. Speaker, the regulations in the circular may have been withdrawn, but as the minister himself stated, the intent obviously has not been withdrawn. I quote from the statement the minister made yesterday in the committee. He said: