

Oral Questions

● (1417)

Could the Minister of Finance advise this House of Commons whether he or his officials denied the request of at least one other province that it vary the federal sales tax proposal by using the money from their one point of sales tax to finance job creation programs? If they did deny that to one other province, will that denial stand in light of legislation introduced by the minister, and will the government open alternatives for variance of the sales tax proposal to other provinces?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there was, during the discussions, a proposition made by the provinces. Some wanted many ways to operate that. I think there was some suggestion of that nature. I discussed with my colleagues what could be done and how we could make it as flexible as possible. Of course, we have not accepted the proposition that the money could be applied to other things than sales tax.

Mr. Clark: A supplementary question, Mr. Speaker. I want to be clear on this. The government's proposal is to make an exception in the application of that proposal as it applies to Quebec but to deny that exception to other provinces. I understand that to be what the Minister of Finance just said.

I want to get to the equity of this proposal as it deals with individuals. It is clear that what the government is proposing is a bonus to the rich: it proposes to pay \$85 to Quebecers like the Prime Minister, like Senator Giguere, like Bud Drury, but to deny it to the 2.2 million Quebecers who are now of working age but who last year did not pay federal income tax in the province of Quebec.

Will the Minister of Finance tell us why he is denying aid to low income Quebecers who would have been aided by a reduction in sales tax on those commodities for which they pay as the rich pay but for which they have more need?

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, I think the hon. member does not comprehend very well what we have done.

An hon. Member: Nobody does.

Some hon. Members: Hear, hear!

Mr. Chrétien: In Ontario and in all the provinces, what we have done—and it can be found in the budget speech—is reduce the income tax of every taxpayer in all provinces but Quebec by \$100. Every province in the agreement has raised its own income tax by \$100, and with the proceeds of that money they have decided to reduce the sales tax.

The government of Quebec has not agreed to reduce the sales tax across the board, so we have decided to carry out our commitment as much as we can in paying the \$40 million that goes to the items they have cut. If the Quebec government and the Leader of the Opposition would like to be fair to everybody, they should have been on my side when I said to Quebec

[Mr. Clark.]

that they could cut the sales tax to everybody on all items so that the poor would have the money.

Some hon. Members: Hear, hear!

Mr. Chrétien: On top of all that, with the way Quebec has cut its taxes, and when talking about the rich, if a rich man goes into a store in Quebec today and buys his wife a fur coat at \$10,000, he will have a tax reduction of \$800. If another rich person goes in a store in Montreal to buy furniture coming from France, like the Roche-Bobois type, and pays \$10,000 for it, he will get an \$800 break. The best way for all the people would have been for the government to do the sensible thing that the other provinces did and cut the sales tax across the board for everybody.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, the Minister of Finance should stop worrying about buying fur coats and address himself to the question of why his government is proposing a measure that clearly penalizes the poor in two ways: first, by ignoring some 2.2 million Quebecers who would have been able to take advantage of sales tax cuts as proposed by the government of Quebec and, second, by introducing a sliding-scale arrangement.

Our estimates show that there are some 150,000 Quebecers who in the 1977 tax year paid less than \$85 in income tax. Consequently, they will be receiving less than \$85 through this arrangement—less than the rich in terms of the benefits of this proposal. Why did the Minister of Finance not introduce some measure, if he intended going to this extreme, that was more equitable than giving more to the rich and less to the poor, as he is proposing in this measure?

[Translation]

Mr. Chrétien: Mr. Speaker, I shall have to explain again to the hon. member what we are in fact doing in our budget. What we did is that we have reduced the income tax in all provinces in a fair way, which means we have reduced the income tax by \$100 in Ontario, in Manitoba, in Saskatchewan, in British Columbia or in the Maritimes; on the other hand, the provincial governments have raised their income tax, and as we levy taxes for both levels of government, we have offered Quebec \$85 in the same manner. If Mr. Parizeau wants to increase his income tax or other taxes, he can do so, except that we do not levy taxes for the provincial government; this is why we passed the reduction directly on to the individuals. We did it in such a way that we have vacated a field which the government of Quebec can take over if they wish but they cannot get benefits from both sides, which means they cannot increase their taxes and receive a benefit which the other provinces did not receive. As a matter of fact, the other provinces had to raise their income tax, and Mr. Parizeau can do the same thing. We have simply left one tax field.