

best stab at it and if there are some areas where I am a bit off the mark hopefully I will not be too far off. I will say so if I am not clear.

One question we are getting from B.C. constituents is: Why do we favour reductions in the rate of withholding tax on interest and dividends? I covered that in my opening remarks. This works both ways and will attract investment in Canada as well as investment in the United States. It is seen as another step in the reduction of barriers as we shift to a global marketplace. All OECD member countries, including Canada, the 25 member states have agreed to try to get their tax rates in line with one another to facilitate this.

It may so happen at this time because of the immediate nature of the deal being put into effect that the flow of capital into Canada may be reduced. That could be a temporary measure. In the years to come we could get it back on bigger and better deals we make with the United States.

The second question was: How can we endorse a bill that gives individuals with children in U.S. schools the ability to write off a portion of their expenses? While there are those who argue that we should not be subsidizing those who are well enough off to go to schools in the U.S., this benefit works both ways. Americans are allowed to make donations to Canadian universities as well. It is not only the privileged Americans or Canadians who are crossing the borders in pursuit of an education.

As members know, with legislation like this the good must be weighed with the bad. The potential benefits from freer flowing commerce between Canada and the U.S. far exceed the potential cost of a few individuals who send their children to American schools.

This is a reciprocity treaty and you win some and you lose some. If the principle of encouraging donations both ways was brought up in the House today as a separate measure from the principle of making a deal with the United States and encouraging a two-way deal, I would suggest that the principle of encouraging donations both ways would probably be supported in the House by the majority of members.

The third question which arose thanks to the member for Kamloops was: Are American contributions to Canadian charities given the same treatment? Yes, this is a treaty that ensures that Canadians and Americans are treated the same. It is a reciprocity treaty.

The fourth question was: What about the estate tax provision? Is that not just a tax break for the rich? No, it is not a tax break just for the rich. It tries to rectify an inequity in the current system.

In Canada we do not have an estate tax. The United States did and Americans did not have to pay any estate taxes unless there was an amount over \$600,000. Canadians had to pay on amounts over \$60,000. This reintroduces some equity into the system and

Government Orders

now if a Canadian with property in the United States died and left an estate, it would only be taxed if the value is in excess of \$600,000. The bill levels the playing field on this issue. It signifies the intent of the bill as trying to make sure Canadians are treated the same in Canada as they are in the United States.

• (1645)

If owning property in the United States is only the purview of the rich, then so be it. However, I do not believe that everyone who owns property in the States all along the eastern seaboard happens to be rich. I happen to know the NDP made a lot of mileage on taxing the rich until suddenly everybody in Canada realized that rich meant anybody making over \$40,000 and they were hit as well. That took care of the NDP philosophy of taxing the rich, because they are not rich.

Regarding this attack on the rich by the NDP, even Abraham Lincoln addressed that in his day. He said that we cannot make the poor wealthy by making the wealthy poor. If we want to protect the disadvantaged—we need to protect the disadvantaged—if we care about those people who truly need the help then we make our laws and our policies and go about doing that. At the same time there are people throughout the economic scale who make \$50,000 or more who also deserve to have any inequities in the system addressed. They deserve to be looked after as well.

For instance, 62 per cent of those who made up to \$25,000 generated 27 per cent of total income, while their share of the total tax paid in 1991 was 11 per cent. My source for this is the Department of Finance. There were 19 million tax filers in 1991 and 13.7 million paid income tax and 5.3 million were not taxable.

I want to discuss the breakdown of how much tax was paid by the various groups. People who earned \$25,000 to \$50,000 represented 28 per cent of the tax filers and their share of both total income and total tax was 40 per cent. Ninety per cent of the tax filers in 1991 made \$50,000 or less and they paid 51 per cent of the income taxes that year. People in the \$50,000 to \$100,000 category represented 9 per cent of the tax filers, with a share of 23 per cent of the income. They paid 31 per cent of the total tax. People who made over \$100,000 were 1 per cent of tax filers, with 10 per cent of income and paying 18 per cent of the total tax. This means that 10 per cent of the tax filers in 1991 paid a total of 49 per cent of the taxes.

I point this out to the member for Kamloops so he can realize that the wealthy people in this country, the top 10 per cent, pay their darn share of the taxes. They pay darn well, they pay high, and they pay a lot, like 49 per cent of the total tax take. This business about going after the rich all the time is not going to work and it does not hold water with me, because they contribute a lot to the economy and keep the economy going. Every now and then someone should speak out on their behalf as well. They are suddenly becoming a small and select group as well in this country.