

Government Orders

problem for him. Under such circumstances, we have a long way to go. It is like denying reality. As you know, in solving problems the first step is admitting there is a problem. I therefore hope that my colleagues in the government who are present will be able to make the minister aware that there is a major problem he will have to address. It is certain that our Parliament can pass tax conventions piecemeal, one at a time, as they are modified and adopted. Others will need to be adopted in future with other countries with which we might create economic ties.

There is much talk of Canada's turning its eyes to Asian markets. One day there will also be talk of agreements with them, and that will have to be looked into. It would therefore be rather appropriate for somebody, somewhere, who is concerned with real problems, and admits to being concerned with real problems, to say that this is something that needs further examination.

• (1320)

There is no denying it could become a financial problem, at a time when we are continuing to tighten the screws on society's most disadvantaged, claiming rightly that public finances are in a sorry state. Socially, however, it is becoming hard to accept, because the same people are always being hit.

I understand that these things are complex and not easy to explain to the public, but it is our job to follow them.

According to a newspaper article I was reading, there is even a Liberal member challenging this and other tax conventions and other government actions, on sometimes legitimate and sometimes debatable issues. So, as we can see, even within their ranks, things are not unanimous. It would be worthwhile discussing this seriously.

The Standing Committee on Finance would be an appropriate venue, but this must not become simply a matter of passing a hot potato on to the committee so the minister does not have to deal with it. We have to give some quick thought to the situation.

This bill is at second reading and will go to the Standing Committee on Finance between second and third reading. There is one aspect of this convention, which the parliamentary secretary talked about earlier and which we will be wanting clarification on. It has to do with the fact that an amendment in 1988 in the United States reduced the non taxable amount of estates for foreigners from \$600,000 to \$60,000. This tax convention re-establishes the non taxable amount of foreigners' estates at \$600,000.

As, today, we are correcting matters and returning to the 1988 figure, it appears that the amendment is retroactive. In a number of cases, therefore, it will mean expenditures, because at the same time a deduction will be allowed for amounts paid as taxes on estates.

This point requires some technical clarification. I am not sure I have hit on the effects of the provision, but we would be happy to clarify this in committee and to have a better look at what it is about. I noted that the parliamentary secretary indicated this was a good thing to do. I know that the matter was discussed in the Senate as well. We in the finance committee can seek clarification from department officials and make sure that, if it is done retroactively, there is some logic behind it and that the government does not lose a lot of money to people who might be able to afford these taxes.

It is a sensitive issue. I have some problems with it. It is difficult to accept such changes on a retroactive basis. This is something governments are increasingly resorting to and it is a rather dangerous trend. It would be better if retroactive amendments were to the people's advantage, but that is not always the case. We have been through this before. I remember in particular the cool reception given to the rather important retroactive amendment made by the former government of the current leader of the No side in Quebec.

It is difficult because individuals are being asked to act more responsibly, to plan for their retirement, and so on, while the government can decide to change the rules of the game from year to year. The retroactive effect of one provision of the amendments to the convention is something that should be clarified in committee.

In conclusion, may I remind you that this tax convention is nothing new. These are simply amendments to a convention that was signed with the U.S. 15 years ago. This is the third time it is being amended. That is quite normal. Things evolve with time, allowing us to improve economic relations, especially since the 1988 free trade agreement with the U.S., which is an important instrument of future trade for both Quebec and Canada.

I am happy to see that when the government side does something concrete for the economy, common sense prevails over last year's electoral stand on the U.S. They must be pragmatic enough to make sure that businesspeople in both Quebec and Canada can do business and be as profitable and efficient as possible so they can contribute to the country's economic growth.

• (1325)

I hope they will take the same attitude during the Quebec referendum campaign, although I doubt they will because of their partisan politics. But common sense will prevail again the day after. The economy is one thing, but politics is something else.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise today to support Bill S-9 amending the Canada-United States Tax Convention Act, 1984 for a third time, as mentioned by the two previous speakers.