

Government Orders

International law is well written and very clear: if Quebec separates from Canada, Canada will remain the contracting state, not Quebec.

[English]

Mr. George S. Baker (Gander—Grand Falls, Lib.): Mr. Speaker, in response to the questions raised by the Reform Party and by the Bloc yesterday, the accountability of the Government of Canada to the people of Canada is made here in the House of Commons by the official opposition.

There are only two functions which Parliament serves: One is a legislative function and the other is an accountability function. The actions of the executive of government are held accountable to the people through Parliament. If the official opposition party does not do its job, then Parliament is not doing its job.

We have before us today a bill which came in through the back door. It was not the servant's entrance because the back door was the Senate. It came in through the Senate, but it involves an incredibly large expenditure of money in the final analysis. It is a large expenditure not in direct allocation, but in what the auditors general call tax expenditures.

The bill also includes provisions which Bloc members keep repeating as being wonderful. It cuts dividends by 50 per cent to American corporations which have subsidiaries in Canada. It cuts by one-third the taxation on interest on the money that flows back across to the United States. It eliminates every single royalty tax in this country which is held by Americans, except for trademarks. Trademarks are being bifurcated. It is a very difficult accounting procedure, but that is what is happening under the bill. There are those three big tax cuts.

• (1705)

I just cannot understand it. I do not believe there is one constituent of the official opposition—I keep referring to it as the official opposition because it is supposed to be the group that controls question period and debate in this Chamber. That is why we have a group of MPs like myself and others on the government side who are wondering where the accountability and debate is here.

What I am referring to is this philosophy of the official opposition that working Canadians should compensate people who have property worth over \$600,000 in the United States of America. With the passage of the bill, the estate tax in the United States only applies to property worth over \$600,000.

The Bloc is saying it is going to end double taxation. It is demanding this on behalf of Quebec. How? It says that the Canadian government taxes in a different way. Yes, it does tax differently on property over \$600,000 because there is no double taxation below \$600,000. The estate tax in the United States will not kick in until there is property over \$600,000 in the United States. The Bloc tells us it wants to end double taxation for

people who pay a tax on things that are valued at over \$600,000 in the United States of America.

The estate tax in the United States of America has been in existence since the turn of the century. It was brought in at the same time it was brought into Canada when income tax came in. Income tax was demanded by the people of western Canada in 1916 when they marched with their signs. They demanded that income tax be brought in. Their cry was the same cry as that of the people in the United States of America when they wanted income tax brought in at the turn of the century, about 1897, because they said the rich were not paying their fair share of taxes.

The governments of the day responded by bringing in taxes on wealth of varying amounts. Estate taxes came in. All of a sudden, here we are in 1995 and we are going to try to end double taxation which has been there since 1904. Worse than that, we are going to try to end double taxation for people who have property in the United States worth over \$600,000. I just do not understand the Bloc's position on this as the official opposition in the Canadian Parliament because that is where the objection should come from.

Let me repeat this again. There is no double taxation after the passage of this bill unless one has property of over \$600,000 in the United States. The double taxation is not really double taxation because we do not have an estate tax. Our death tax is on income. The estate tax is on property. Everybody in this Chamber knows that.

In the United States they take the value of one's automobile, house and everything else, the paintings on the wall and the dishes, the stocks and bonds, everything. In Canada we exempt the primary residence and the things one uses. Canada does not tax the car in the driveway; we only tax what the estate of the dead person says was actually an increase in value of the property that is not exempt. It is two completely different things, so how can we have reciprocity when we do not have the same thing in effect in both the nations?

• (1710)

When the bill was introduced into the United States Senate the Government of the United States said: "Each country agrees to allow an appropriate credit for the death taxes imposed in the other country". It is convenient for the United States because it takes about three years to settle an estate owned by a Canadian in the United States. A long time. You normally do not want to pay estate taxes in the United States. This will sort of hurry it up, will it not?

If we are now going to give a tax credit, where does that tax credit come from? It comes from the pockets of working Canadians. It comes from the person working on a construction job. It comes from the person who works in a store. It comes from the person making the beds in the hotels. It comes from every working Canadian. Until the official opposition in Parliament understands that the government must be held accountable