

S. O. 31

One point perplexed me about his comments. Canada is one of the very few countries of the OECD that does not have an inheritance tax; people inheriting \$10 million or \$20 million are not required to pay any tax.

An hon. member: That is good.

Mr. Riis: I hear my friend in the Reform Party saying that is good. They say that it is good, that people should inherit vast amounts of money and pay no tax.

They support the notion that on income received from capital gains tax is paid on only 75 per cent. They say that is good. They say that certain people, particularly the wealthy people of the country, should get as much as possible. They say that is good because they work hard for it. That implies that other people do not work hard for their money.

Why is it that Reformers feel average working people produce the most if their wages are low and they are hungry? Why do they feel if we pay them very poorly they will be out there working hard? Why do they feel the way to get working people to work is to pay them as little as possible? However, they feel that the way to get wealthy people working is to pay them the most possible.

Is there not some inconsistency in the logic of rewarding the wealthy so they will work but keep the wages of the poor and average working person as low as possible to encourage them to work? To me there is a bit of inconsistency in the argument of my friends in the Reform Party.

• (1055)

Today we are talking about Bill C-59. The speaker for the government went on at some length about how it was an effort to make the tax system fairer. It might be a slight baby step in that direction.

Let us take the whole issue of escort services. No one here knows anything about escort services, but if we look in the telephone book there are a number of pages listing escort services. It is interesting that our tax system says that escort services are tax deductible. I guess with some people it is a cost of doing business. I am not sure what escorts cost, but whatever the bill is it can be submitted as part of a tax return. It is called a cost of conducting business.

When the question was recently put to national revenue officials, they said they have to change it, it is getting a little questionable in terms of a legitimate tax deduction. However if the escort service is called a bodyguard or a tour guide it is acceptable. We have some interesting concepts here in terms of what a bodyguard or a tour guide might imply.

Nevertheless the reality is that simply by using a little creative commenting on an income tax return, escort services and entertainment of that type will be tax deductions. Is this reasonable? Is this acceptable to the people of Canada? My suspicion is that it is not.

My hon. friend talked about the business tax deduction moving from 80 per cent to 50 per cent. Should we not distinguish between various kinds of business costs? I do not think anybody here would argue that business people getting together over a dinner, lunch or breakfast to discuss a transaction or a business arrangement is a legitimate cost of doing business.

However, as I said earlier, is an escort service deduction a legitimate cost? Is the annual fee for a box in a sports stadium a legitimate cost of doing business? Is purchasing a yacht to entertain clients a legitimate cost of doing business? Is choosing the Bali Hilton or the Waikiki Hilton as the place for an annual meeting a legitimate cost of conducting a business?

I know a number of people who own large boats, sailboats, launches and racing boats. They are business tax deductions and are used for entertaining clients.

Is a hunting lodge or a fishing camp a legitimate business deduction? I suppose we could say in some cases it is, but enough is enough. My hon. friend stands and tries to say that part of the changes to the Income Tax Act will be to bring fairness back into the system by removing the deduction—

The Acting Speaker (Mr. Kilger): It being 11 a.m., pursuant to Standing Order 30 (5), the House will now proceed to Statements by Members pursuant to Standing Order 31.

STATEMENTS BY MEMBERS

[Translation]

CANADIAN FEDERALISM

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, Monday's three by-elections confirmed Canadians' continued faith in our federal system of government and in its ability to adjust to new problems in Canadian society, problems hardly dreamed of or imagined by those who established Canada's constitution.

Canadian federalism has never been an abstract and inflexible charter carved in stone in 1867. It is a dynamic process of constitutional creation. It involves balancing differing social interests in a spirit of pragmatism and cooperation. It is a new federalism, a living, highly efficient and cooperative one.

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REFERENDUM ON QUEBEC SOVEREIGNTY

Mr. Maurice Godin (Châteauguay, BQ): Mr. Speaker, on March 13, 1865, a majority in the Parliament of the Province of Canada voted against holding a referendum on confederation. The proposed referendum was defeated by a vote of 83 to 35.