

*Income Tax Act*

dividend to individuals, it can be treated as an ordinary dividend without saying that it is disqualified with respect to the cumulative dividend account of the small business corporation?

**Mr. Chrétien:** Mr. Chairman, we will achieve that effect with clause 42(2). In reply to the previous question, the hon. member wants to know exactly how many people abused this system. That is a very funny comment to make. He says, in effect, "don't move until they have run away with the government's money." When we see there is a danger of loopholes and tax evasion, we have to make sure, if we want to have small business, that big business does not run away with the taxpayers' money. It is as simple as that. The hon. member would be the first one to get up a couple of years from now and ask why we did not block it when we heard about it. When I saw it was a loophole I blocked it, because I knew that everyone has to pay his fair share of the tax burden. We want to have small business and we do not want big business to use the channel of small business to run away with money that they should take to the treasury. The blue collar workers pay their taxes at the source and do not have all those loopholes.

I am concerned that we keep a fair system of taxes. I can see the hon. member for York-Simcoe is always comfortable in loopholes. Probably he knows more than anybody else about loopholes in the tax system. My job is to plug them, not to help people to run away with a free ride on government money.

**Mr. Abbott:** Mr. Chairman, I simply want to join with the Minister of Finance—

**Mr. Baker (Grenville-Carleton):** That is a pair of incompetents.

**Mr. Abbott:** Thank you—in saying that, notwithstanding the fact that measures are introduced to provide small businessmen with opportunities under the tax system, any one of us knows there is always the possibility that the breadth of such a provision will allow people to take advantage of something that was never designed for them. The system which was provided is, in all honesty, designed for people who are earning under \$150,000 and who have not accumulated \$750,000 retained earnings.

For the hon. member for York-Simcoe to speak as though we have betrayed the small business community just because some slick player that he may be acquainted with is unable to take advantage, is, I would suggest, an outbreak of hypocrisy that we are all too familiar with around here. The fact is that when one speaks of things that are pretty shabby, unfortunately in many communities, and in the business community, there are people who can look with sharp-eyed interest at provisions that were not designed for them, take advantage of them and make a big dollar. We have even known, Mr. Chairman, of people who have taken advantage of the banking system to make a fast dollar.

**Mr. Stevens:** Mr. Chairman, I might make the passing comment that if the Minister of State (Small Business) knows  
[Mr. Stevens.]

of somebody who has taken advantage of the banking system to make a fast dollar, he should stand up and make it clear what case he is referring to. I know of none and I do not think any members over here know of any.

**Mr. Abbott:** Mr. Chairman, the hon. member for York-Simcoe and his friends put a bank together under the banking system, made a very comfortable profit out of it and left a lot of other people holding the bag.

**Mr. Stevens:** Mr. Chairman, I should like the minister to back up that statement. If he is referring to me, I can assure him that I did not make a nickel. In fact, I lost money out of the promotion of the Bank of Western Canada for which, incidentally, we still have a charter. If the Minister of Finance would like to activate the charter I am sure many Canadians, especially in western Canada, would not mind activating that bank.

I ask the minister to withdraw the allegation that I made any profit out of the promotion of the Bank of Western Canada, because that is simply an untruth and he has misled the House with this statement.

**Mr. Abbott:** Mr. Chairman, I certainly will not withdraw the implication that the hon. member formed a bank with other associates and partners. If he is saying to me that he made no money out of that operation, then this statement comes as a surprise. What we do know without any question is that a great many innocent shareholders lured into the enterprise by him and his associates lost a great deal of money.

**Mr. Stevens:** Mr. Chairman, I now ask the hon. minister to withdraw two statements; first of all, the statement that I made a profit out of the promotion of the Bank of Western Canada, and second, that others got lured into it and lost a lot of money. Both statements are totally untrue and the minister is misleading the House.

**Mr. Baker (Grenville-Carleton):** Mr. Chairman, yesterday when an altercation took place between the Prime Minister and other members of the House, Mr. Speaker indicated that when the Prime Minister made a statement of what he said in the House of Commons we had to accept that statement. The hon. member for York-Simcoe is in no different position than is the Prime Minister or any other minister. From time to time we can play games with each other. A lot of people do not understand those games, but I think it is part of the traditions and rules of this House that when a member of this House makes an assertion with respect to a particular matter and that assertion is denied, that ought to be accepted.

It should be accepted graciously by the Minister of State (Small Business). The hon. member for York-Simcoe has made an assertion in answer to a charge, an imputation by the Minister of State (Small Business). I think in all decency and propriety, having regard to the rules of the House, the hon. minister should stand and withdraw.

**Mr. Abbott:** Mr. Chairman, if the hon. member for York-Simcoe, having full knowledge of the business, asserts that he