

so dutifully trying to make us accept on behalf of his bureaucracy?

Mr. Chrétien: It is not on behalf of the bureaucracy. The Department of National Revenue has informed the Minister of Finance of the nature of the loophole. Some people were collecting up to \$150,000 in interest free loans to buy a house. When we saw there were abuses, we decided to plug the loophole because we tried to establish a tax system which applies as equitably as possible to all the citizens of this land.

Some hon. Members: Hear, hear!

Mr. Chrétien: It is impossible to have all the figures. We have 8,800,000 tax forms which have to be analysed. We saw a loophole which was detrimental to the interests of the average citizen. I did not ask my officials how many there were because, if there is only one too many, it is too much.

Mr. Stevens: Mr. Chairman, later this evening I will take the minister through other so-called inequitable situations which this government is condoning, and if they wish to have this ultimate inequity I will be very interested to find out why they are turning a blind eye on some other inequities and some other loopholes which, presumably, could be plugged if the government followed the philosophy of its bureaucrats.

An hon. Member: John Doyle, for instance.

Mr. Stevens: Yes, John Doyle. I noticed that the minister was very embarrassed when my colleague pointed out the fact that there are over \$3.5 million—

Mr. Chrétien: It was you who were embarrassed, not me.

Mr. Stevens:—of unrecovered tax revenue from one former Liberal alone. You will notice that the minister did not attempt to quantify either the amount we are talking about or the numbers, so let me put it a little more simply for the minister. After all, he has two officials sitting in front of him. Presumably they have these figures at their fingertips. Can the minister give us a rough estimate of how many employees he thinks he will catch with clause 2?

Mr. Chrétien: I will not venture to shoot from the hip on that. Abuses have been reported to us by the Department of National Revenue. We realized some people were abusing the system, so we decided to plug the loophole. I do not know whether the numbers amount to dozens or tens of thousands. I say it is not fair and it must be changed. That is all.

Mr. Stevens: The minister said they had been notified by the Department of National Revenue of these recorded abuses. How many have they notified you of?

Mr. Chrétien: I do not have the figures but there was a sufficient number to cause us to change the law.

Mr. Stevens: I think it is very important that we get a little more detail before we start passing new clauses because some bureaucrat thinks it is a good idea. If the minister does not

Income Tax

have the figures, after having told us that he is acting on this clause on the advice of National Revenue, and he does not know how many reported instances there have been that have led the department to feel that this clause is necessary, would the minister at least give us a ballpark figure? Is it 1, is it 10, or is it 1,000 that he feels will be caught?

Mr. Chrétien: I think that if I were to go along with the idea of the hon. member, his friend who was arguing that it is a good program would be completely embarrassed. The Department of National Revenue notified us that something illegal was going on and they wanted to close it off completely. If we were not to pass the clause, it would mean that no one would have any breaks, whether they were moving in northern Manitoba or anywhere else. The hon. member would be well advised to look at what he is talking about before making such a silly proposal.

Mr. Stevens: I have asked four questions and I have not made any proposal to the minister as yet. I have simply been trying to get some information from him.

Mr. Chrétien: Louder.

Mr. Stevens: I will put my question again. Presumably, if he has been so dependent on the Department of National Revenue he can answer this question easily. How many reported cases have they drawn to his attention that have caused his bureaucracy to say that obviously clause 2 is necessary?

Mr. Chrétien: The answer is, enough.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: That is ridiculous.

Mr. Stevens: Is it reasonable for any minister to come to the House on an important subject such as this and simply tell us out of hand that, in his opinion, there have been enough so called abuses of so-called tax loopholes to justify the clause that is now before us? Let us bear in mind the concerns people across this country have with respect to this type of thing, and the concerns outlined by the hon. member for Churchill. After discussing my earlier question with his officials, perhaps the minister should shed a little more light on what we are talking about.

● (1752)

Mr. Chrétien: Mr. Chairman, I said, and I want to repeat, it was becoming more and more part of executive compensation the way that this scheme was used to give an interest free loan to build a house, and it had become a tax shelter for many people. National Revenue ruled that it was a tax shelter and that it was unfair, and it made recommendations to us. We have looked into the problem. We have recognized that there were some abuses. I do not want to quantify them. I know they existed, and the fact that they did was enough to convince me. This is not the result of a bureaucratic conviction. As a responsible minister I accepted it. I know of some cases in which people were receiving loans of \$150,000 and \$200,000