are considering an increase of 10 per cent in that figure, one which is a far cry from the figure recorded in 1966.

Further clarification is also required in connection with the application of the tax proposals as they relate to corporations. I notice with interest that the *Farm and Country* magazine of Tuesday, May 23, calls for clarification with respect to the application of these changes to companies processing agricultural products. There is uncertainty not only with respect to corporate tax reductions but also in respect to claims for rapid depreciation. An article appears in *Farm and Country* by John Phillips, who says:

There will be a lot of dismayed Ontario farmers when they discover that Finance Minister John Turner's budget excludes them from goodies offered other businessmen.

Last week, Department of Finance officials gave a tentative ruling to the effect that farmers could not share in the fast write-off given urban manufacturers.

Within hours of the budget announcement *Farm and Country* was getting a flow of inquiries about the write-off for farm processing equipment such as automatic feed mixers and grain dryers.

• (1520)

Finance Department whiz-kids have concluded, however, that the few farmers operating a fruit packaging plant or using equipment to wash carrots could qualify for the almost instant depreciation.

Their ruling is not final. The regulations have yet to be written. This may take two months or so. Doubtless Finance Minister Turner will get many representations over the coming weeks.

The only farm beneficiaries under the new budget are old people living on nothing but the basic old age pension and guaranteed income supplement.

I am glad to see the Minister of Agriculture (Mr. Olson) in the House. I am aware of his continued and vital interest in agriculture, and I know he is concerned about the application of the corporate tax rate and depreciation provided for in the budget. I hope he will use his good offices to twist the arms of revenue officials so that these provisions will be taken into consideration and accurately interpreted in the best intents of Agriculture. After all, no other industry is more affected by the appreciation in the value of the dollar and the DISC proposals than is agriculture. Therefore, I urge that these matters be dealt with now rather than after the revenue department has made its final interpretation.

The minister also referred to the many adjustment programs, and many of these spell extinction for a good number of farmers. He also recognized the inequities of the tax reform proposals that have been made in several areas and instituted corrective action, though he failed to do so in the area of capital gains arising from inter-family transactions or in reinstating the basic herd provisions. However, I am aware of the fact that an interdepartmental committee is working on this subject, and once again I urge the Minister of Agriculture to use his good offices in this area.

The minister went to great lengths to deal with the suggestion that most people want to live in the large urban centres. This, to me, simply casts a reflection on the naïvety of the minister and the government, as well as their long-standing disregard for rural Canada. The fact of the matter is that this assumption is not correct. On the contrary, there are more and more people becoming desirous of living in rural areas and bringing up their families there, provided they have the opportunity of earning a minimum standard of living that is comparable to that of their urban counterparts. Many policies and programs of the government, such as the DREE program, manpower programs and agricultural programs, are literally forcing people to quit rural areas and move to cities. I have warned the Minister of Agriculture and the government on many occasions of the fact that there is a very great need for the maintenance of an equitable rural-urban balance. I believe that a positive approach must be taken to restoring the viability and vitality of the rural communities of this country. This is long overdue. The problem might be attacked by the establishment, for example, of a new department that would co-ordinate all of the economic and social aspects, producing solutions that are based not only on economic realities but on the realities of human and social needs.

I am disappointed that the finance minister did not see fit to take steps to reduce or to remove completely the 11 per cent sales tax on building materials. This is a tax that affects every Canadian and such removal would have had a long lasting effect. Similarly, I am disappointed that the minister did not take the opportunity to reduce or remove the sales tax on the soft drinks industry. This industry has been bombarded by a number of problems, particularly smaller operations, since the advent of the various anti-pollution programs which have added an extra burden. I see my time is up, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member's time has expired.

Mr. Ian Wahn (St. Paul's): Mr. Speaker, I should first like to say that, like most hon. members on this side of the House, I welcome the budget that has been presented, the first budget of the present Minister of Finance (Mr. Turner). I particularly welcome the changes providing for full escalation of old age security payments and payments to veterans. It is quite clear that most hon. members in this House are of the same mind in view of the speed with which this legislation has been passed. May I congratulate the Minister of Finance on his first budget and assure him that it has been well received by most members in this House, certainly by most members of the Canadian public.

As I have said, I am particularly happy about the escalation provisions regarding old age security pensions and veterans pensions. As the minister pointed out in his remarks, the government is committed to proposing ways of rendering justice to those people in our community who have been hurt by the rise in the cost of living and have no way of fighting back. The minister went on to say that he was speaking of those Canadians who have retired, whose working days are over, and of our veterans and their dependants. The same principle, however, applies to payments under the Canada Pension Plan which, as hon. members know, provides for an escalation feature which has been, and is, limited to 2 per cent a year. It would be very pleasant to believe that we could limit the rate of inflation to 2 per cent a year, but experience in recent years makes this look very unlikely indeed.