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reasonable expectation of profit? When a farmer or an artist declares a loss, usually he has a profit from some of the business at the same time. It is the practice of Revenue Canada to look at that loss and play the role of the Monday morning quarterback. When it comes to farming it does not take into account the fences that have to be mended, the seeding that must be done, the clearing of the bush.

● (1250)

The history of farming in Canada is that these people have maintained their farms by having other jobs. In eastern Canada, in my riding, legitimate farmers could not stay on their farms unless they had another income to allow them to carry on. But Revenue Canada, having quotas in mind, says: "Was there a reasonable expectation of profit?" I agree with the Hon. Member from Kamloops to this extent; I do not believe that hobby farmers should get the deductions, but I do believe that people who are bona fide carrying on the practice of farming should be able to deduct their losses. They are not able to do that right now.

With respect to artists, coming from my regional municipality, I know it sometimes takes 25 years to recognize a person's work of art. The test should not be whether there is a reasonable expectation of profit. The test must be whether or not that person was pursuing, as a legitimate business, the skill of being an artist or a writer.

Mr. Fisher: How do you define it?

Mr. Speyer: You will have your opportunity to ask these questions.

It is in the last two years that Revenue Canada has really cracked down. It has put the screws to Canadian taxpayers, and why? Revenues have shrunk. We all know what the expenditures were. Corporate profits are down. Because of unemployment, people who normally pay tax to Revenue Canada are not doing so. It is a combination of these factors which caused the circumstance where there is tremendous shrinkage of revenue. Government has to take responsibility for turning the screws on the average hard-working businessperson, farmers and fishermen. No one seems to escape the net. At election time, this Government is going to have to account for this.

There is a general atmosphere of fear with respect to the Department of National Revenue. No one wants to tangle with Revenue Canada. Everyone wants to mind their own business. They do not want to be audited. It is not a very nice experience, although necessary. However, there are the prosecutions, the harassment and threats. I have a letter from a constituent by the name of Dexter Lawson. I have another from a citizen in my community by the name of Russ Edwards who says that a Revenue Canada auditor has literally threatened the existence of his company. It is time that people stood up to these fascist tactics which are being used by people on the street.

There are some Members across the aisle who have admitted that a situation exists which they are not willing to tolerate. I was impressed by the comment the other day in

Calgary of the Hon. Member for Sudbury (Mr. Frith). The Hon. Member for Kitchener (Mr. Lang) has also made comments which at least acknowledged the situation. We have a Minister here who is now asking Woods Gordon to perform the function which he was sworn to do. That is a public acknowledgement of the malignant situation which exists. He was not on top of his Ministry and did not know what was going on in the street, and because no one has confidence in the actions of his Department, he is now asking Woods Gordon to go in. That is the reality of the situation. I view this announcement as a victory because it is a signal that the Government recognizes a very bad situation in fact exists.

Mr. Fisher: Mr. Speaker, I apologize to the Hon. Member for interrupting his speech. He was quite right when he said to me that I would get a chance for a question afterwards; I apologize to him now for interrupting him at that time.

I would like to ask the question which I shouted across the floor. How would he define artistic activity for tax purposes? If we are going to give the taxpayer the advantage of the cash system, and give the working taxpayer the opportunity to write off losses which might be incurred in artistic activity, then how would the Hon. Member define artistic activity for the sake of the tax system?

● (1300)

Mr. Speyer: Mr. Speaker, the question being posed by the Hon. Member involves a question of judgment. I will come right to the point. The existing situation is a judgment by an auditor. The judgment is, is there a reasonable expectation of profit?

Mr. Fisher: No.

Mr. Speyer: Yes, it is. On every letter which one sees from an auditor of Revenue Canada, where losses have been denied with respect to an artist or a farmer, it is always on the basis that he plays the role of the Monday morning quarterback and says: "I know your farm operation. I know what you have done 365 days a year. The Department does not think that you can make any money." That is what the judgment is now. What the judgment ought to be with respect to farmers is this: Is it a legitimate business—

Mr. Speaker: Order.

THE ROYAL ASSENT

[English]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.