

*Income Tax Act*

er side to the story. Why is it that the Gallup poll indicates his popularity is slipping?

**The Deputy Chairman:** Order, please. I regret having to interrupt the hon. member, but it is my responsibility to remind him that the committee is presently studying a number of clauses dealing with capital gains. I allowed the hon. member to make a few remarks which I thought were introductory to the deliberations of the committee this afternoon. However, if I allow him more time on this, I am not really assuming my responsibility. I invite the hon. member to come as quickly as possible to the clauses under consideration at this time.

• (2:10 p.m.)

**Mr. Knowles (Winnipeg North Centre):** Mr. Chairman, is it not true that the clauses before us also include references to the basic herd? That is what we see opposite us today.

**Some hon. Members:** Oh, oh!

**Mr. Korchinski:** Mr. Chairman, I hope you will excuse me if I seem over-exuberant but it is not often I have the chance to speak to the Prime Minister. It is a rare occasion indeed when the Prime Minister listens to farming problems; in fact, I think this must be the first occasion he has done so.

May I point out to the Prime Minister, and to the rest of his supporters who have come so obediently to the committee at his request following the government's recent defeat in committee, that there are certain aspects of the bill that are unacceptable to the farming community. For example, the capital gains tax. Land is purchased at a nominal price with the purpose in mind of improving it. Some of the land is Crown land. The moment the land is improved it increases in value. As a result, if the sum of \$1,000 had been paid for the land, with the added improvements a capital gain is realized if the land is sold. My point is that the amount spent on improving the land should be deductible over a period of years for income tax purposes, and the deductions should begin when the capital gain is recorded.

This would be one way for the government to express its faith in the agricultural community, instead of the agricultural community looking to the government for assistance for ever and a day. It would show the farmers that the government is willing to leave the agriculture industry in their hands, but that if they found themselves in need of assistance then government policies could be geared toward providing that assistance. Instead of this the government is imposing a tax on the industry, which is really asking the industry to turn against itself. Every young farmer, knowing the price his father paid for the land is going to wonder just what price the department is going to set. If the amount were tied to the assessed value, a fraction of the amount should be negotiable and then the young farmer would know where he stood. Many fathers pass their farms to their sons and continue to work on the farm, in some cases free of charge, so that the farming operation can continue. Now, the government is going to impose a capital gains tax, and this is the kind of government policy that is a deterrent to the continuation of farming operations.

[Mr. Korchinski.]

It is true that the business community must know exactly where it stands at this particular time. But so must the agricultural community. Business is not simply a case of the corner store or the man who owns a factory; business is making a buck. And if a buck can be made, tax should be collected on it. What farmers dearly want is to make a buck, and on that buck they will pay as much tax as is properly due. Farmers have never asked to be relieved from their fair share of taxation. On the other hand, neither do the farmers want additional taxes imposed on them at this time. I think we have just as much need for assistance as those industries that have been given assistance to meet the 10 per cent surcharge imposed by the United States President. The government acted wisely and did give industry special consideration under the circumstances, but my point today is that the agriculture industry is depressed and should also receive special consideration. If the government is able to solve our problems, then we will pay every bit of tax due, with interest.

I see the parliamentary secretary smiling again as though he comes from another part of the world. I cannot understand his attitude, and I do not know whether he intends to be funny or laughs simply because he has nothing to say. Speculation in the agriculture industry is quite common because if a farm proves at all profitable its value increases. Actually, the value of farms fluctuates up and down depending on the year, but the biggest increase in value is in years of inflation. There was a time when one could buy land for \$10 a quarter, but that is no longer the case. This was not land bought for speculation purposes; that was about all it was worth. You could not make more money from the land today than you could in previous days.

Land today is not necessarily worth more, but it is easier to get credit today, unlike previous years, and it takes you 25 or 30 years to pay for land purchased today. That does not make the land any more productive. It does not make the land worth any more. Inflation may mean we have to spend extra money but it does not necessarily mean there are really any gains realized from the sale of that land. How should we get around this difficulty? I believe there should be some provision for depreciation, related to the inflation rate. This would take care of one problem.

• (2:20 p.m.)

**The Deputy Chairman:** Order. I regret to interrupt the hon. member but the time allotted to him has expired. Unless he is given unanimous consent he cannot continue. Does the committee agree to allow the hon. member to continue his remarks?

**Some hon. Members:** Agreed.

**Mr. Korchinski:** I shall be very brief. I do not wish to impose upon the committee. I have had a few years of experience in the municipal field. We looked at the assessment of properties and tried to relate the productivity of lands to their assessed value. I believe the department should announce at this time that there will at least be some relationship between the assessed value and the sum at which the land would finally be valued on a particular date. At least, those affected would then know where to start. If there were any disagreement, the matter would no