

Income Tax Act

I suggest Your Honour might review what I have said and perhaps consider some of the implications of the limitations suggested by the Chair. The subject will be debated in any case and we could perhaps obtain further clarification.

The Chairman: Are there other members who wish to make representations on the point of order which has been raised? If not, I shall recognize the hon. member for York South.

Mr. Lewis: Mr. Chairman, I rise to take part in the debate partly because of the observations made by the hon. member for Edmonton West and partly to deal with the problem which arises from what is before us—lack of necessary information concerning foreign control of Canada's economy.

I was not surprised when the hon. member for Edmonton West twitted our party for insisting that there should be a capital gains tax and that it should be 100 per cent of the capital gain. I say, without meaning any offence to the hon. gentleman or to his hon. friends in the Conservative party, that there is a basic difference of approach. He is concerned about gains by corporations and business. We are concerned about the lack of gains by the ordinary people. He is concerned about enabling those who make a great deal out of capital gains to retain those sums. We are concerned that the tax system should be equitable, that the rich and the powerful should fully pay their share of taxation in order that the burden falling on the poor and the less wealthy might be reduced.

Every time some section of the community gets a tax exemption, whether it is an oil corporation or a mining company or a guy playing the stock market, the rest of the community have to make up for it because government services must continue. Government services have increased over the years and will continue to increase in a modern civilized society, and somebody has to provide the funds with which these services can be carried on. Every time that the wealthy and the powerful are exempted from a share of the tax burden that they ought to carry, the less wealthy and the less powerful have to carry that part of the burden.

• (3:40 p.m.)

I am not surprised that the hon. member for Edmonton West takes the position that I have always known is the position of his party, but he makes the general statement that, in effect, he is opposed to all capital gains at this time; that this is the wrong time to impose a capital gains tax. Then, for reasons which are not very difficult to understand he zeroes in on capital gains resulting from the sale of farm land.

Again, in the way in which that approach necessarily ends, he does not make any suggestions that would really protect the farmer. He makes a blanket proposal that all land transactions be free of capital gains tax, which I suggest to you, Mr. Chairman, would result in speculation on farmland of a sort which would undo what I believe the hon. member wants to achieve. The worst thing that could possibly happen to young people who may want to go on the farm is that speculation on farmland be allowed to go on because there is no capital gains tax. This would result in the price of farmland going up, and thus the

prospect of starting farming becomes a thousand times more remote for the young farmer than it is today.

My colleagues will be making some amendments, or will be proposing some, Mr. Chairman, which I hope you will be able to accept. They will deal with legitimate aspects of farmers' problems, aspects which it seems to us the government's advisers have never even looked at let alone tried to solve. I will leave it to them to deal with the details, but I want to indicate three objectives, which we believe a capital gains tax as it relates to farmers ought to seek to achieve. In order to achieve those three important objectives certain situations ought to be exempted from capital gains tax. I do not mean a blanket exception of all farmland, which would invite speculation, but concrete exemptions in particular situations affecting the farmer and the future of the family farm.

The first objective is to exempt farmers from the tax so as to protect the family farm as a continuing and viable entity. One of the ways this is done—and this is the second objective—is to allow farmers to invest income which they gain from selling their land to purchase another farm—if they want to purchase another farm—and make the operation of that farm their principal or sole source of income. That is a legitimate exemption that must be considered by the House. The exemption must also try to achieve the objective of ensuring that when a farmer hands his farm on to his sons or heirs they should be able to take over the farm without having to pay any capital gains tax, again to preserve the family farm unit, to make it viable and able to survive.

Finally, we think that since the farmer, like the small businessman, has no opportunity, as the industrial worker or management has, of having some share in an industry-wide pension plan, and can only have a kind of security for himself in his old age either by buying insurance to give him an annuity or qualifying for the Canada Pension Plan—he has no opportunity like industrial workers, management and so on of joining in some kind of negotiated industry plan—we believe that this legislation ought to enable the farmer, or allow the farmer, to invest his capital gains in a retirement savings plan, which would then become taxable as income when he draws his benefit annually or monthly as a pension.

In addition to this, if there is any increase in the value of his farm and machinery as a result of his own productive efforts and that of his family, results that frequently are achieved only by mortgaging his future in order to make his farm more economic and viable, then if he desires to do so he should be enabled by law to invest that increase in value in a retirement plan so that in this way he has a pension waiting for him at retirement. As I say, most of the methods of providing for a pension for city folk are not open to the farmer.

We believe this kind of protection for the farmer is justified and necessary and would not lead to land speculation in the way in which the hon. member's amendment would lead. My colleagues who are more knowledgeable in this field than I can claim to be will deal with this aspect at great length later on in this debate, but in view of the amendment before the committee I wanted to indicate immediately what is our thinking on this subject. We have always taken the position—and we do not retreat from it for a moment—that what should be taxed is the