Stanfield) to divide the legislation into two parts. Under his proposal the new personal rates could have taken effect in January, and the more complicated package of changes involving tax on capital gains and new provisions affecting business could have been deferred until the early part of 1972 following closer scrutiny by the House. This would not have forced the Minister of Finance to abandon his total objectives. He would simply have had to take two bites at the cherry instead of one. If he had then encountered opposition to the new rate proposals, closure would have been legitimate. Issues would have been clear. But the government would have none of that suggestion.

The country is to have the whole bill whether it likes it or not; whether people understand it or not, they are to have it by closure. The people most affected will not be the critics in Parliament but the ordinary tax-paying citizens. It is the Canadian taxpayer whose rights are being trampled on. The taxpayer has heard debate about general principles. He has heard re-assuring statements from ministers to the effect that "valuation won't hurt you even if you don't understand it." But his tax will not be decided by references to generalities or ministerial speeches. It will be determined by the letter of the law which Parliament was examining in committee. That examination has now been curtailed, and in fact this debate is being curtailed while the country is in a fog about the entire business of tax reform. Over and over again within the last few days, when sections dealing with agriculture were being examined by the committee, it was said that the people involved in drafting the legislation, and the people who will be involved in administering it, simply do not understand Canadian agriculture. I think that in good measure this is true.

We have seen a number of pieces of agricultural legislation come before this House within the past few months. They either tried to lock the farmer into a position which he was not willing to accept, or to provide him with a form of government control, and the establishment of quotas, all of which he was not ready to accept. To me this adds up to one basic conclusion, that the people drafting legislation have not taken the time to look into agricultural problems closely enough to determine what the industry really needs, and so bring in legislation for the benefit of that industry.

We went through the process of trying to introduce amendments to the stabilization bill, a bill which was finally thrown out of the House by the government. Those amendments were proposed by the official opposition and also by agricultural organizations all across Canada. For the most part they were good, sound amendments. Granted, Mr. Speaker, there were some that would have involved large expenditures of money, but there were others which could have been incorporated in the legislation for the good of agriculture. Yet they were not given a second thought by the government.

I believe that the farming community across Canada is sick and tired of the present Liberal government, sick and tired because it has not introduced anything in the way of meaningful agricultural legislation for over a period of a good many months. The agricultural industry is in serious trouble in Canada. This is something that should be stressed by rural members every time they get an opportunity. It is in serious trouble not only in the west but in all parts of Canada from the Maritimes to British Columbia.

An analysis of the trend of cash receipts from the sale of livestock and animal products over the period of the last 20 years indicates an average increase of just under $70 million a year, or about 3.5 per cent. This compares with the average rate of crops of just under $40 million, or slightly less than 3 per cent per year. On the other hand, operating expenses and depreciation charges have been increasing at a rate far greater than either of these two components. This average rate has been about $115 million per year, or just under 5 per cent. A continuation of this trend will lead to a gradual worsening of the farm income situation in Canada.

• (5:30 p.m.)

At the Outlook conference that was completed a few weeks ago in Ottawa it was noted that the repayment of $75 million of cash advances from earlier years is exerting a negative effect on the level of prairie cash receipts this year. In other words, the conference noted that although the movement of grain this year has been at a good level, the money for the most part has not been put back into the pockets of farmers. Increases in expenditures for farm production have eroded the impact of higher levels of prairie grain marketings on realized net incomes, as the Outlook conference went on to say. On the Prairies it is forecast that realized net income will be $621 million in 1971, compared with $494 million in 1970 and $505 million in 1969. The income projected for 1972 is to be only $500 million, which is the same level as in 1969, which was a very depressed year. Surely this cannot give much ground for optimism for farmers or others engaged in the agricultural business.

I believe, Mr. Speaker, that unless we bring in agricultural policies which will reverse this trend drastically, unless we being in new agricultural policies, agriculture as we know it today may in a few years be non-existent. I say this only to demonstrate that the two items on which we are speaking today, those relating to the basic herd and to the capital gains tax, especially as that tax applies to the transfer of farms, are very critical areas to consider in the legislation and in the total picture of agriculture.

Speaking further on the capital gains tax, I believe that if a father in any way is hampered from passing on his farm to a son or daughter, the recipient of the farm will be restricted greatly in the matter of returns. Considering the low net return on moneys invested in agriculture today, the son or daughter may never actually pay for that farm. In a good many cases we are looking at farms that are capitalized to the extent of between $50,000, $100,000 or even more. The portion of that money which must be paid out in tax will seriously undermine the effective earning power of that farm. Also, there is always the estate tax to consider. This to me represents a clear form of double taxation.

It has long been recognized that the ratio of investment to return in agriculture, as I mentioned before, is extremely high. Not only is this a characteristic of agriculture, but the problem is further compounded by the high-risk factor associated with the uncertainties of climate and markets. Producers must contend with those risks. Indeed, the low returns of agriculture are evident from