

past ten years, particularly in the west. Agriculture has suffered a most merciless depression. Under this legislation the farmer has no way of putting forth his broad position.

Mr. GIBSON: Oh, yes, he has.

Mr. CASTLEDEN: If he had a board, he could go before that board and get particulars of his assets and liabilities. He might then receive some decent consideration. In Saskatchewan farm debt is now over \$600,000,000. That is an insurmountable burden. The farmer in many parts of the country has been bankrupt for years. If you go to a farmer and ask him how much he borrowed originally, he may tell you it was \$1,600. If you ask him how much he has paid back, he may tell you it was \$1,800. When you suggest that he must be pretty nearly out of debt, he says, "Oh, no; I owe \$2,100." The interest charges have been so great that he simply cannot get out from under.

Mr. KINLEY: That is not right.

Mr. CASTLEDEN: Come out there and see, if you do not think that is right. Increased prices for beef, pork and other agricultural products have been a life-saver for many farmers. The farmer is having some income this year, but unless some consideration is given to his actual position, I do not see how he can be expected to accept the spread of losses for 1942 merely over the next two years, 1943 and 1944. If you would go back for four years, or take some basic year when conditions were nearly normal, say from 1926 to 1929, the farmer might be able to start on a basis where he could balance his liabilities against his assets, against everything of value on his farm, and from that compute his profit. If he were taxed on that basis it would be all right. Instead of that, you are taking his losses for 1942 as the basis.

I think 1942 was one of the best years agriculture has ever enjoyed as far as income is concerned. The farmer is being taxed on his income alone. It does not matter whether he has been able to place himself in a position where his liabilities come anywhere near to balancing his assets. For that reason I think there should be a basic period longer than 1942. It seems to me that this taxation is unfair compared with the taxation imposed upon industry.

There is another person referred to in the income tax form. I am sorry the new form is not out because it would assist us greatly in carrying on this discussion. Particulars are asked of the amount paid in cash to the hired help. On many farms where the son is still working he is not paid any wages in cash, but

he is certainly hired help. He works very hard, and I would think that a wage of at least \$660 a year should be deductible from the farmer's income for taxation purposes.

Mr. ILSLEY: The hon. gentleman says that there is discrimination in favour of industry, but I think he is mistaken on two or three points. It is true that in business a period of four years, 1936 to 1939, is taken as the period of ascertainment of the standard profit of the industry. That is true of agriculture just as it is of industry; there is no difference at all. As a matter of fact, practically no farmers have to pay an excess profits tax, because they are not in business in a large enough way. There is a provision in the Excess Profits Tax Act that standard profits shall be deemed to be \$5,000; that is, they shall not be taken as less than \$5,000. A business that had an average profit of \$3,000, which went up to \$5,000, would not be taxable on the \$2,000 excess because it is deemed that the standard profit was \$5,000. There would be no excess in that case.

There are other provisions which protect some businesses effectually against the excess profits tax. The excess profits tax is not a problem for the average farmer. It may be a problem for some of the large farmers, perhaps some of the ranchers, but it does not apply to the average man. These people would have reference to the same board of referees available to industry. There is no difference between the treatment given to industry and to agriculture. The only difference is in regard to the carrying forward of losses. Industry can carry forward its losses for one year, but we provide that the farmer can carry forward his losses for two years. The theory is that agriculture is a more variable business than the average non-agricultural business.

However, this differentiation cannot be carried too far. There is a wide variation in non-agricultural business as between different years. For example, in the thirties many non-agricultural businesses were in the red for some years, while in other years they made profits. In the years that they made profits they were taxed, and in the years that they suffered deficits they did not have to pay any tax. But they were not allowed to set off their deficits against their profits; they were not allowed to carry forward their losses.

This principle of carrying forward losses has been advocated by business for the last twenty or twenty-five years. Members of this house did not pay much attention to it, thinking there was nothing very unjust about it. It is only lately that examinations have been made into it, and last year we introduced the principle for all kinds of businesses of carrying