

Income Tax Act

validity of their argument has escaped me, but it is before us and we are listening to the representations very seriously.

Mr. Rynard: Mr. Chairman, I think all of us recognize the important place the farmer occupies in this country. When we look into the future we see that the population will be doubled in the year 2,000. Today, over half the population of the world is lacking in either quality or quantity, and in many cases it is quality. In Canada in the year 1900, one man was able to produce enough food for one other person. Today, a farmer produces enough food to feed approximately 40 people. I mention this because it shows the extent of the increase in the productivity of the farm sector in Canada.

Over the years, Canadian agriculture has been built up to the place where we have been a net exporter. Particularly is this true of certain classifications. Our cereals have been in demand in many countries in the world which would have run short of food if they had not had the granaries of Canada to supply that grain which we can produce cheaper than anyone else in the world, with the exception of the United States. The farm unit of 1900 has come from the binder and reaper to the huge combine of today which threshes as it cuts. From the farms, the grain goes to the elevator to be stored for shipment elsewhere and in grain alone we were able to reach close to \$1 billion in exports. This will underline the importance of the farm sector.

On the dairy farms of Canada, cattle are being shipped to many of the nations of the world. Our cattle are in Japan, Australia, Mexico, South America, Italy, almost any country in the world. The Canadian farmer deserves a pat on the back for what he has done in the breeding of cattle. I am pleased to know that the section containing the basic herd provision has been allowed to stand because a farmer who was able to build a basic herd has reaped tremendous dividends. From these herds came the cattle which were exported. I am sure the Minister of Finance knows of many farms that have been brought up to a high standard as a consequence of this provision, with the result that breeding cattle was shipped from them all over the world. If these cattle were not exported, they were used to upgrade the breed in Canada. So today we have cows of the Holstein breed producing upwards of seventeen to twenty thousand pounds of butterfat per year and the world average is about six thousand pounds. This is an illustration of what a terrific job the Canadian farmer has done.

I well recall one farm operation. It is a very interesting farm operation which is carried on today by the sons of the original owner, and the basic herd was started with cattle obtained from the sale of the Mount Victoria, just outside the City of Montreal. Those of you who have been in the cattle game will remember that one of the herd's sires which was sold was the Emperor of Mount Victoria, and the other one was Marksman. These two animals left their imprint across the whole of the Holstein field, not only in Canada but in the United States. The same thing can be said of beef cattle produced, and I regret very much that similar procedures will not be possible under the new bill so that a young man could start to build his basic herd as a previous generation could do.

To make myself clear, in establishing a basic herd you buy your cattle and can add to them from time to time. If you have to borrow you pay interest on that money. If you have earned it, you pay income tax on it. In any event taxes are paid on the investment, so the government can not have it all its own way.

After the herd is established and producing, the farmer will upgrade that herd, knowing that he will get a higher price for his animals if they are more desirable and will produce more. This is an incentive for every farmer in the purebred livestock field. Take the Purina people who are one of the big animal feed companies on the North American continent. They have developed a herd from grade cattle. The production of this herd went up from somewhere around 8,000 to over 14,000 or 15,000, pounds of butterfat annually if I remember correctly. All these cattle grew in value over the years.

Now, I want to congratulate the minister and the parliamentary secretary on allowing this basic herd provision to stand. It is interesting to note that in the early days of the budget our understanding was, and it was made clear across the country, that estate tax would be wiped out when capital gains tax came in because it was to take its place. Now, there seems to be some hedging on this principle and the government is saying: Well, if four provinces come in then we shall collect the tax. This is like saying: Boys, come and get the taffy; all you have to do is walk across the floor. It is my contention that this section of the bill should be set aside until the government has consulted with the provinces and knows what the provinces are going to do. Otherwise, you are going to have one province taxing more than another province and we will end up with the same hodge-podge tax structure that we had before. If this does not turn out to be the worst jumble when you are through with it that you have ever heard of, I am missing my guess.

Farms are being abandoned across Canada at a rapid rate. I am sure the parliamentary secretary knows this. You ask the government if it is their purpose to drive the farmer off the land and in his place put the large food operator and chain stores. Well, this would be a great combine, wouldn't it? They would set prices at whatever figure they required in order to obtain a profit. It is my belief that in many cases we should try to encourage more farmers to stay on the land and raise their families. I think it would be to the benefit of all Canadians to accept the principle of subsidizing these farmers on small farms up to a certain rate of production on their cattle, pigs, sheep and other livestock so that they could stay on the farm and raise their families there. From a social standpoint, this would be very desirable when we consider that at present there are 600,000 unemployed in this country. This would allow the farmer to raise his family on a farm, rather than having to move them off the farm to become a statistic on the unemployment rolls in some city.

• (3:20 p.m.)

If you ask why it is that many boys and girls leave the farm today, the answer is perfectly obvious. During their young lives they have seen their father and mother working and struggling to make ends meet while their counterparts in the cities are well dressed and have all the material advantages. So, is it any wonder that when the