

deductible for income tax purposes. Another matter which is an absolutely ridiculous proposal is the suggestion to make home insulation grants taxable. This is a situation where the government loudly claims their generosity in providing grants for people to insulate their homes in order to conserve energy and then it is made taxable. This is irresponsible and incomprehensible. The minister should take that suggestion under advisement.

We welcome the paltry cuts in personal income taxes announced by the minister. There should be considerably more. After all, this tax will not do much to meet the high cost of living and encourage consumers to purchase goods that are available. The Economic Council of Canada recommended a \$2 billion tax cut.

● (1502)

It was very interesting to listen to the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) last night when he challenged the government to cut taxes in various areas. That would promote productivity and create jobs. Additional purchasing power left in the hands of consumers would go a long way toward encouraging production and business expansion, thus opening new job opportunities for thousands of Canadians presently unemployed. Lack of confidence on the part of business and industry, as pointed out by the Economic Council of Canada, is one of the major problems we face at the present time.

I would like now to turn to one of the proposals made in the intervention of the Minister of Finance in this debate, regarding amendments to the Income Tax Act as they relate to the sale and the acquisition of farms and/or commercial businesses. As far as they go these amendments are certainly welcome. This has been a matter of grave concern in the agricultural community for many years, and these provisions will do much to assist that industry and to improve its position economically and contribute still further to the productivity of the nation.

Out in the area which I have the honour to represent this will have very beneficial effects upon our agricultural community; I know it will in other parts of the country, and it certainly will in the area I represent. Although there are still clarifications to be made and there are still various matters to be cleared up, I believe the principle will be welcomed by the people concerned.

Likewise, the business community welcomes the amendments but suggests that an extension of the provisions should be considered. In a letter to the Minister of Finance a company in my constituency acknowledged the appreciation of the business community with respect to this measure, but also made some recommendations. It recommended that the proposal be extended to defer from capital gains taxes all moneys received as a result of the disposal of land, buildings, equipment or other assets by a taxable corporation if the following conditions are met: where these funds are used to acquire assets to be employed for the purpose of earning taxable income or where the funds are expended within a certain

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period of time from the date of sales, possibly a year, or it could be shortened or extended at the discretion of the minister.

It was pointed out that these additional changes will have a beneficial effect. They will provide a shot in the arm for the economy. They will enable individuals or companies to dispose of non-producing assets and acquire additional earning capacity which would enhance the federal tax base. They will be a short-term incentive to corporations, and so forth.

While we welcome these proposed changes, I suggest that there is still a long way to go. There are many additional moves which can be taken in order to make these provisions more acceptable and more effective in meeting the needs of the agricultural community as well as of the business community across our country.

A number of those participating in this debate have commented on the provisions with respect to life insurance benefits. Here again, while appreciating the announced intention of the government to introduce \$10,000 deduction from the total taxable portion of all life insurance policies, the fact remains that even the amended provisions leave the government in the unenviable position of taxing moneys left by deceased persons to assist widows—or widowers, as the case may be—and dependants, on the occasion of the most shattering and trying time of their lives.

There have been various communications which point out that it is amazing that any government would come to the point where it would embark on a proposition like this, where it would tax the benefits which assist individuals at the time of their greatest need. I was talking to a friend of mine who is in the insurance business, and he said he has never yet come across a case where the beneficiary had more than enough money to meet expenses and to meet immediate needs following the death of the breadwinner. I have certainly never come across anyone who fits into that category either, and I doubt very much whether the minister or any members of the cabinet have ever come across such a situation. So I say I do not believe that Canadians want their government to act in such a callous and insensitive manner, or to impose a tax upon these benefits.

With regard to policy loans the minister proposes that proceeds of a policy loan be treated as a benefit paid under the policy. Here again, it seems to be a very strange proposal to make. It is an irrational and unacceptable proposal which deprives individuals of the opportunity to meet emergencies.

Perhaps the government would rather force those with modest incomes to fall into the arms of loan sharks. That is what it is doing when it closes the door to the possibility of loans from insurance companies. That door has traditionally been open to policyholders in times of need. The proposal that interest be taxable in the event a loan is obtained, but if the policy is used as collateral for a bank loan it is deductible, is another proposal which is completely irrational. I suggest that the whole package as it relates to taxation on life insurance benefits should be scrapped because those affected are the ones