

*The Address—Mr. Harkness*

the entire article. The minister of course is at liberty to read it when he speaks in this debate, as I am sure he will.

Using both figures, and the amount of money which went out to the west last year and the year before and the year before that, his argument that the farmers do not need special credit facilities at the present time is ridiculous on the face of it. No one judges the prosperity of any business by volume of sales. What they do is judge the prosperity of a business on its income minus its expenses, and that is the only reasonable way of doing it. When you apply that test to farmers you find their income has shrunk by 24 per cent and their expenses have increased, so it is quite easy to see how much less prosperous they are than they were two years ago. In fact it is only too apparent that the general prosperity of the farmer and the farming population has declined both rapidly and dangerously.

There is one other matter I should like to bring to the attention of the government in regard to the immediate present situation in western Canada, and that is a matter for the Minister of National Revenue (Mr. McCann). It has to do with the income tax liability of farmers who are on an inventory basis. These farmers are, or will be at the end of the year, in the position of having large tax liabilities on their unsold grain, and in many cases it will be impossible for them to meet these tax liabilities. They are placed in a hopeless position, and if they do not pay—and they will not have the money to pay—penalties of various sorts will be assessed against them.

This is a matter which requires some action. What the farmers who are in that situation are asking is that the penalties and interest charges which would normally be imposed be waived until they are able to sell the grain and get the cash to pay their tax liabilities. I think that is a course the government should take, and I would urge the Minister of National Revenue to look into the matter immediately, if he has not already done so; and if it is necessary to have an amendment to the Income Tax Act, to introduce that into the house as soon as possible. If it can be done by regulation, then the regulation should be brought into effect quickly. Certainly it is a pretty hopeless business to have a man, as will be the case, assessed with several thousand dollars of taxes on grain that is lying in his fields and which he cannot sell, as a result of which he has no possibility of meeting this tax liability.

The farmer who is on this basis of course is in quite a different position from the farmer who is on a cash basis. The farmer

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on a cash basis pays income tax only on the cash that he actually receives. So far as they are concerned the present inability to sell grain does not affect them. But the farmer who is on an inventory basis pays on the basis of a year to year inventory and he is stuck with perhaps several thousand bushels of grain which he cannot sell and on which he still owes taxes. I have a letter here, a copy of one addressed to the minister. I will not bother to read it, but that is the general effect of it.

At the beginning of my speech I referred to the basic long-term problems in regard to grain as marketing, storage and transportation. Each of these is an involved matter. I see I have only about three or four minutes left, so I have no time at present to deal with them, but there are one or two remarks I should like to make in connection with them.

As far as marketing is concerned it has quite evidently become a different matter in the last year than it has been since the start of the last war. For the past 13 years up until this year, the marketing of wheat has largely been a matter of bulk contracts or purchases by governments through our government. Governments of the importing countries made these deals with our government or the wheat board as an emanation of our government. Farmers in western Canada have been in favour of this type of grain marketing because they considered that it gave them more security both as to the quantity they could get rid of and as to the price they would receive. The farmers considered such a scheme made for stability.

However, at the present time, with the opening of the Liverpool grain exchange and the end of bulk purchases by the British government, it would appear that this era of government bulk purchases has practically come to an end whether we like it or not.

I see no use, as is being done quite commonly throughout the country, in condemning Britain because she has chosen to depart from this method of buying grain. That is her business. If she thinks she can do it better by purchasing it on the open market than by government bulk purchases it is not for us, as far as I can see, to complain and reproach her. What we can do, I think, in Canada is to adapt our thinking to the present situation rather than complain over the change which has taken place. We must change our methods accordingly.

I was very glad to hear the Minister of Trade and Commerce say that he had selling teams in Europe and in the Far East whose job, as I understood it, was to get in touch