

*Income Tax Act*

are not irrelevant today. Indeed, I believe they have as much to contribute to the future as they did to the past.

We should look at the hippy attitude and learn something from it. They led the movement away from urban smog back to the soil, back to nature and back to the natural life. As the pace of our lives continues to mount, we need even more the balance and perspective that the rural values of Canadian life have to offer. The preservation of rural communities, which the present bill does not aid as effectively as it should, means that the basis of our society, the family, should be able to stay together.

Communities are preserved only because succeeding generations continue to work and remain there for the good of the community. Young people are kept on the farm, join 4-H clubs and obtain the reverence and respect for this life which will impel them, wherever it is financially possible, to stay on the farm and see that people do not join in the mass exodus to the cities because it is possible for them to remain on the family farm. I find that some towns which develop close to cities and lose their farm atmosphere suffer severe social problems as a result. I have seen examples of this in my riding. The smaller rural towns 15 miles or so away from the cities find they are growing rapidly because of improved commuter transportation, and so on. Homes are being broken as fathers work away from home for longer periods of time. The children are left to play on the streets since their former clubs and meeting places have closed down. Drugs become a large problem in these towns.

I reiterate how ridiculous it is for this capital gains tax to stand in the way of retaining the farm atmosphere. Most farmers put all their profits and savings back into the farm during their lifetime. The farm is essentially their retirement fund. If it is prohibitive for them to sell their farms to their sons, then it is small wonder that so many farms are closing down. The hard work of a farmer often necessitates his comparatively early retirement. It is unfair for a farmer who must get some capital for his retirement from his farm, to have to pay or have his son pay capital gains tax. If this government is in fact committed to preserving the family farm and is not merely paying lip service to a remote ideal, then it should eliminate the capital gains provisions completely on any farm transfers within a family unit.

The people of the west are not deceived, as the Prime Minister (Mr. Trudeau) found out last October, by rhetoric and hyperbole. While they know that this bill is a step in the right direction, they also know it stems not from any real appreciation of our needs and desire to maintain the family farm in Canada. I conclude by repeating that this legislation is a baby step in the right direction, but further steps must be taken to remove the capital gains tax from the family farm unit.

• (2110)

**Mr. Harry Olausen (Coast-Chilcotin):** Mr. Speaker, to say that our tax system is unfair to those in the lower income bracket is to repeat the same old story over and over again. However, I will repeat it once more and say that our tax system has never afforded fair treatment to Canadians. We may increase a few benefits here and a few benefits there, but the over-all result remains the

[Mr. Schellenberger.]

same. As long as the voters of this country are willing to accept these inequities in our tax system, the basic problems that exist in this system will not change.

Low-income groups continue to bear a disproportionate share of the tax load. They are also the unfortunate target of federal and provincial sales taxes which result in their paying a greater percentage of their income in the purchase of goods than those whose incomes are substantially higher. For them, tax relief is available when amendments to the Income Tax Act are brought in, such as the one we are debating tonight.

For the old age pensioners, the proposed increase in exemptions from \$650 to \$1,000 to all persons 65 years of age and over will undoubtedly give them some relief, temporary relief, that is supposed to enable them to cope with increases in food prices and other essentials. For students, the proposed deduction of \$50 a month in computing the taxable income will be a welcome relief during a period when there is a loss of income which might otherwise have been earned. It will also no doubt be a welcome relief for those parents who have to bear the extra costs of education and other related expenses.

However, as we look at the over-all picture we must not lose sight of the fact that these token gestures do not reflect drastic changes which are necessary if we are to achieve any measure of a just society. It is high time we began to use our budget as a long-term planning device rather than a mere short-term response to particular crises. We must make a choice as to what our goals should be. Are we to have economic growth? Are we to have price stability? Or are we to have income redistribution and the alleviation of poverty?

We will never really exercise such crucial choices so long as we continue to be obsessed with mere means and methods rather than long-run objectives. Every time there is talk of tax reform we hear loud voices of protest from those who fear they may be deprived of their familiar loopholes—their expenses, entertainment allowances, dividends, depletion allowances, capital gains and other artful tax shelters. These protests usually come from those who are well organized, highly visible and vocal and easily make their demands known through well financed lobbies and pressure groups. Such is not the case with those who are unorganized, undereducated and relatively powerless. They are used to expecting little and getting less.

In conclusion I can only say that I welcome the deductions in this bill. I welcome them because they are essential under the present system. I welcome them because there are those whose needs are such that these deductions will enable them to live just a little better.

**Mr. J. R. Holmes (Lambton-Kent):** Mr. Speaker, it is my intention to confine my remarks on Bill C-170 to the amendment dealing with the transfer of farm property by a farmer to his child. This really reinforces the comments made earlier by the hon. member for Coast-Chilcotin (Mr. Olausen) and the hon. member for Perth-Wilmot (Mr. Jarvis).

In the riding of Lambton-Kent we have a very impressive historical record of Century Farms, yet despite this living testimony of family farm units there has been a