

positions taken by the federal government have been the Minister of Finance (Mr. Chrétien) and his government.

It has become clear that the budget was rushed. Now the government, I think quite justifiably, might say that the opposition and the various critics asked for a budget especially in view of the fact that we were approaching a spring or early summer election, and in order to overcome the fact that there was no economic package on the order paper the government came forward with a budget. I, as one member of the House, do not criticize that fact, but I believe that the government, in attempting to bring in the budget and to keep its options open so that an election could be called by the Prime Minister (Mr. Trudeau) by the end of June or the beginning of July, looked upon the budget as election bait. The Minister of Finance has gone to great lengths to explain that the budget was a responsible budget and that he had avoided the obvious attempt which might have been made to bring in election goodies on the eve of the calling of a federal election.

When one looks at the budget, and the machinations of the government subsequent to bringing in the budget, one comes to the conclusion that in fact it was election bait. I do not think so only because of the Quebec situation. I say that because of what happened in the province of Manitoba and also in the province of B.C. A point that has been lost in the public debate is that the province of Manitoba had scheduled its budget for the evening of April 10. Because of the time zone in which Manitoba finds itself, that province is one hour behind Ottawa, and the minister of finance of Manitoba when he was rising to make his budget address was not 100 per cent certain that the proposal which had been made to him by the federal finance minister was going to appear in the federal budget. Obviously, the tax room, and the economic activity which is generated in Manitoba with its population of one million people, must be husbanded very carefully by the minister of finance of that province. So when he rose to his feet in the Manitoba legislature that evening he was not 100 per cent sure how his budget would be affected by the federal budget, and I will speak about that a little later.

Things have gone so badly since the April 10 budget that the following article appeared in the *Montreal Star* of Wednesday, May 17, written by W. A. Wilson. I understand that in the past Mr. Wilson has written some favourable comments about the Liberal government. He wrote:

Mr. Chrétien goes from political naïvete to inconsistency. This has become theatre of the absurd.

I imagine that a fair amount of theatre always surrounds the House of Commons, but I suggest the Minister of Finance has taken the leading role and he is probably waiting for an Oscar award for the role he has played in further dividing this country.

There are positive points in this budget, and I want to mention some of them. One is the matter of capital gains. Let us go back to the budget of March, 1977. After representations from both sides of the House, and from farm groups and organizations concerned with small business in Canada, pressure was applied on the government to remove the capital

gains tax so that when a farm or small business is sold, the money could be rolled over for the purchase of a larger unit, either a farming unit or a small business.

● (1512)

After listening to the former minister of finance, who was gone to his just reward in Toronto, at the time of the March, 1977, budget we came away with the understanding that what had been proposed was that a farmer could sell his farm and roll over the return of that farm into a larger unit and not pay capital gains. In fact he would be deferring capital gains until such time as that farm would be disposed of ultimately by him or his heirs. During the debate on the March, 1977, budget, at no time was it suggested that it was in any way different than I have just explained.

Then what happened? A regulation was drafted in the Department of National Revenue. It was approved by the only member which Manitoba had in the cabinet, who also went to his reward. The drafted regulation in fact made an absolute mess of the proposal. What the regulation said was this: for example, if a farmer was selling his dairy operation and buying a grain farm with the proceeds from that sale, in fact he was not involved in the same farming operation any longer.

Anyone who has lived on a farm, or anyone who represents a rural riding, especially those with mixed farming backgrounds, knows that farmers might sell their egg operations and buy more land with the proceeds. This government, in its wisdom, and to make sure no Canadian makes a profit from the farmers' hard work, brought in the regulation. The hon. member for Battle River (Mr. Malone) brought cases to the attention of the government, as well as myself. Those cases involved farmers who had sold their farms, bought larger units, and were assessed for capital gains. The government has a total and absolute misunderstanding of the farming community.

Thank goodness we now see the March, 1977, budget reflected in the April, 1978, budget in the manner in which it was presented a year ago. That is a breakthrough. Why it had to take another year I do not know. I implore the government to inform those farmers and small businessmen, who were assessed capital gains during the intervening months, that those capital gains will not be assessed.

Another positive proposal in the budget is in the area of research and development. Research and development have been a pet project of mine in the House for some time. I have talked about the tantalum mine in eastern Manitoba where tantalum, lithium and cesium are located. In fact the largest known supply of cesium is located there. A week or ten days ago the major shareholders in that mine sold their shares to Hudson Bay Mining and Smelting. Hudson Bay Mining and Smelting is a corporate citizen in Manitoba which we all respect. Its history in that province is a long standing one. Its corporate awareness of the needs and the services provided to people in its employ is second to none.

Hudson Bay Mining and Smelting has now bought that mine, and that sale must go before FIRA. I will be making