

*The Budget—Hon. Mr. Lambert*

pose some people will say that the workers' allowance is not enough, and others will say it is unfair because it discriminates against the self-employed who have the same expenses in that respect as individuals who work for a salary. That is a point that will be argued by my colleagues.

With regard to the capital gains tax proposal, I am wondering how our friends to the left will react, bearing in mind that tomorrow their supporters are facing a general election in the province of Saskatchewan. We know that at the time the white paper was issued there was a great difference of opinion within that particular group with regard to capital gains tax, and particularly its impact on family farms, ranches, and so forth. As I say, it will be interesting to see which way they go this time, whether those who want a really heavy 100 per cent capital gains tax will say it should be applied to family farms.

We were all delighted to see that the principal residence has been exempted from this proposal. In the first place, if applied in that way it was going to be a real nuisance operation and, as I have said, a tax system has to be accepted by the public. The Canadian public certainly spoke loud and clear in opposition to the imposition of a capital gains tax against the principal residence. True, we have certain conditions now proposed with regard to expropriation, and there are certain other provisions in this field. There are certain roll-over provisions. Then, there is the matter of personal property. I think some difficulties have been removed by the fact the amount has been raised to \$1,000.

• (2:10 p.m.)

There is one difficulty about the capital gains tax. It still is there and will always be there. The difficulty is that the tax does not take into account the effects of inflation. If inflation continues at the rate which has been prevalent this year and was prevalent prior to last year, and so on, we shall see a great penalty imposed on individuals.

There is one area where I feel that the imposition of the capital gains tax is an error. As a matter of fact, the trade-off between taxes, that is, the elimination of estate taxes and the imposition of the capital gains tax, is not to the advantage at all of a certain group of people. The people for whom this means another tax on top of other taxes are the farmers and ranchers, particularly those who live in provinces where the removal of the estate tax is meaningless. For instance, it is meaningless for the federal government or the government of Canada to say anything about removing the estate tax in Quebec, because that province at all times has reserved unto itself succession duties. You are not giving the farmers of Quebec anything, but you are imposing a capital gains tax on them. To a lesser degree, you are not giving anything to the farmers and ranchers of Alberta or Saskatchewan, because they were getting a refund in any event, to a limited degree. However, you are still imposing a capital gains tax, with certain limits, up to \$1,000 per annum, being available at the option of the farmer.

[Mr. Lambert (Edmonton West).]

However, there are no two ways about it; the tax is still there. My colleagues from western constituencies will be talking about the effect of the capital gains tax on farmers at much greater length. They are concerned about this.

**An hon. Member:** Mr. Speaker—

**Mr. Lambert (Edmonton West):** Mr. Speaker, I will finish my speech, and the parliamentary secretary will have every opportunity to reply.

**Mr. Gibson:** Will the hon. member not permit a question?

**Mr. Lambert (Edmonton West):** It is my right to decide whether or not I will answer a question. With regard to farm machinery, there will be a problem, particularly—

**Mr. Mahoney:** Does the hon. member suggest that the budget treats farmers differently from other taxpayers in this respect?

**Mr. Lambert (Edmonton West):** I will assert here, on behalf of my party, that in the committee we endeavoured to move an amendment which would have exempted from capital gains tax farmlands being sold or given or passed on for bona fide farming purposes. That was the position we took, and that is the position government members on the committee voted down, although the vote was fairly close. We were outvoted on that occasion. It is a matter of record that that motion was turned down. It was one of the few that we advanced that the committee turned down. It is also interesting to note that we were joined in that motion by members of the New Democratic Party who again realize the effect that this is having on farm ownership and on farmers. I am quite prepared to recognize the particular situation that applies with regard to farmers and the capital gains tax.

So many people seem to think that millions are made by speculators in land sales. One of the arguments that was used popularly to justify the capital gains tax, and I heard a great deal of tripe during the argument, was that the tax would catch the unearned millions made on land speculation. Of course, people making those statements do not know what the income tax law is. Very little land is sold that is not subject to income tax rates, because it only takes one venture, or what is deemed to be a venture, to attract the tax. The law reports are full of cases, and no reasonable and reliable lawyer will ever tell a man that he can get away with anything like that. Some people have been surprised because they thought that by doing something quite legitimate they obtained a windfall, and it turned out that it was not so.

**An hon. Member:** That would be held to be a venture.

**Mr. Lambert (Edmonton West):** That would be held to be a venture, and quite rightly so. Even speculations in which people buy a house and hold it for five years because the property might suddenly be needed by an oil company for a service station are caught. All these things are caught. Therefore, it is not the land holder in the city