

6. Amend the Prairie Farm Rehabilitation Act so as to make it a Canadian Farm Rehabilitation Act applicable to every province in the dominion.

7. Place a floor price of \$1.55 per bushel under wheat with comparable floors under other farm products, fish and wages.

8. Remove from our statutes all discriminatory legislation against co-operative associations.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, on May 6 of this year the hon. member for Muskoka-Ontario (Mr. Macdonnell) concluded his criticism of the budget by moving an amendment consisting of three clauses. This afternoon I should like to deal briefly with those three clauses, one at a time. I should like to take them in the following order: the second clause first, then the first clause and finally the third clause.

The second clause of the amendment moved by the hon. member for Muskoka-Ontario reads:

This house regrets that the proposals of the Minister of Finance

(b) offer no encouragement of those engaged in the development of our natural resources, especially mining and agriculture.

It is with the agricultural aspect of that clause I should like to deal for a very few minutes at the commencement of my remarks. Had time permitted I should have liked to refer to the unfair taxation measures being applied to cooperatives, but I think perhaps when the house is in committee on the resolutions an opportunity will be given when it might be more appropriate to speak on that subject. I wanted to speak particularly with reference to agricultural cooperatives, and to object to the unfair and arbitrary decision introduced last year and applied this year, that such cooperatives must automatically earn a profit on whatever capital they may be able to use in their business. That, of course, is not a true picture. They do not earn a profit; they merely act as agents for their members; the receipts they get from their activities are held only in trust for those members, and do not form income in the hands of the cooperatives.

What I want to discuss principally at the moment is the fact that the taxation proposals of the Minister of Finance (Mr. Abbott) offer no relief from what is now a pressing and unjust situation, namely that the proceeds from the sale of breeding herds are still to be subject to income tax. The remarks I am going to make are based upon knowledge of the situation in my own part of the country particularly, the interior of British Columbia, where we have a large number of cattle ranches each

operating a herd running anywhere from less than a hundred up to several thousands of cattle. It applies to the constituency I presently represent and to the one I have some reason to think I may soon be called upon to represent; that is, the Cariboo and Chilcotin areas.

This question was dealt with during the budget debate last year, while the house was in committee. On July 25 in conjunction with several hon. members of the opposition I put forward arguments in favour of relief from this unfair burden. Those arguments I believe are still sound; and their soundness was established by the fact that the present Minister of Finance gave no fewer than four separate assurances that the matter was being investigated, that it was still being considered and that it would continue to be considered in an effort to find a solution. This in itself indicates that the minister—as indeed he said in so many words—recognized that there was merit in the contentions advanced by those who favoured the proposition that proceeds from the sale of breeding herds should not be subject to the payment of income tax.

Of course there is great merit in those suggestions, because the imposition of that tax is causing a real and unfair hardship to many who have laboured all their lives to build up ranches; who have worked hard during hard times to maintain their herds—not necessarily to increase them but to maintain them—and who now, when they have an opportunity to sell those herds at a decent price and enjoy a little well earned leisure, are prevented from doing so because of the ruling of the revenue branch of the income tax department that the whole proceeds are income and are subject to taxation in the one taxation year. The fact that this process is continuing is discouraging these people from making such sales; it is discouraging others from entering the business of raising breeding herds, and is having an adverse effect not only upon those older people who wish to retire but upon the whole cattle industry throughout the country. The problem being so pressing, and the minister having indicated that the matter has been under consideration for at least three years, surely it is inexcusable that no action should have been taken in this year's budget proposals.

The principle is quite simple. It is that the basic or breeding herd is a capital asset. It is just as much a means of production as plant and equipment in a factory. Our own Department of Agriculture recognized this last year in the brief it submitted to the Department of Finance. That principle is recognized in the United States, where the bureau of