

Canadian citizens. Here is an estate forced to realize a capital asset. They cannot continue operations, and this results in the realization of some \$5,000 in cash. Because it is all regarded as income and subject to taxation in the one year, they have to pay out over \$1,000; and I think the house will realize what that means to a widow of seventy-eight years of age, when over one-fifth of her husband's estate is taken from her under the heading of income tax when in effect it is capital assets and will in its own turn be subject to estate duties by both provincial and dominion governments.

I see that my ten minutes are nearly up, and I shall try to keep my undertaking not to hold up the matter longer. I wish to conclude by saying that last summer I went to see the then minister of finance about this question and had with him a full and friendly interview in which he professed to be impressed, not by my arguments particularly, but by the arguments which could be marshalled in favour of recognition of the principle that a breeding or basic herd is capital. But he said that at the time, because of pressure of business, he was unable to keep all those arguments in his head—and I quite appreciated that—and asked me to submit a brief summarizing these points of view. I submitted that brief to the minister with an accompanying letter on June 21, 1946, just under one year ago. In that brief I made reference to the brief submitted by the Department of Agriculture. Just here I should like to point out that the other evening, when we were discussing the agriculture estimates, I asked the Minister of Agriculture (Mr. Gardiner) whether he and his department had changed their views with regard to this matter. In his reply the minister said that they had not changed their view, but that of course the decision by his department was not the final word, and that he believed the Department of National Revenue was endeavouring to work out a system. Last year, when this matter was discussed in the house, on no fewer than four occasions the present Minister of Finance said that this matter was receiving earnest consideration. I drew to his attention the fact that in the United States the bureau of internal revenue recognized the principle that a breeding or basic herd is a capital asset, and he said then they would look into the United States practice and see. This discussion is to be found at page 3860 of *Hansard* for July 25, 1946.

These matters have been brought to the attention of the government again and again.

The principle has been outlined clearly. I do not think it would be proper for me to repeat the arguments, but I want to emphasize that, in spite of these matters having been brought to the attention of the government, here we have a case, as revealed in this letter to which I have referred today, where an unfortunate Canadian woman seventy-eight years of age is being deprived of one-fifth of the capital value of her husband's estate because of failure to reach a decision as to whether or not a breeding herd is a capital asset. I call upon the government earnestly and urgently to lose no more time in making this decision, so that simple justice may be done these people who have put in many years in building up some of the pioneer and frontier regions of our country.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, because I have a large number of constituents who are not at all satisfied with some sections of this act, I want to speak for two or three minutes in connection with taxation of cooperatives. I could speak at some length, but I shall endeavour to be brief.

I should like to make a recommendation to the Minister of Finance (Mr. Abbott). I am of the opinion that the knowledge of the minister and of many of his officials in connection with the operation of cooperatives is strictly theoretical. I do not blame him for that. But I suggest that if the government is going to understand at all the various types of cooperatives—and there are many types—it would be well for the minister to have some senior officials visit typical dairy cooperatives to see how they function and to understand some of their practical difficulties. They should visit some of the fruit cooperatives, some of the fruit producer and consumer cooperatives, and some of the service cooperatives. I have in my constituency a particular type of cooperative in which there are associated about 1,000 or 1,500 members, and which owns cars for transportation purposes, and represents another development in the cooperative movement.

I believe the minister and his officials would have a better understanding of their problem and their difficulties if some of the senior officials would visit these organizations and look into the practical difficulties they face from day to day under the present legislation. The same applies to fishing and to service cooperatives.

I rise at this time simply to make that suggestion and recommendation to the minister,