

*Income Tax*

be fed during the feeding period this winter. Drastic reduction of cattle numbers is the right course to follow. Cattlemen know this, but they are very concerned about the tax position which would obviously result from much higher taxable incomes, in some cases as much as 50 per cent to 100 per cent higher than in more normal years.

A major incentive for cattlemen to do what they know is right, that is, to reduce the numbers of their herds, would be the introduction of a tax deferral plan along lines which have been well documented and presented to the cabinet drought committee and the tax policy branch of the Department of Finance. Such a plan would have to continue, not only until the drought was over but until grass and feed supplies return to normal. That may take years. Remember the lesson of the thirties.

This tax deferral plan has been fully supported by the governments of Alberta and Saskatchewan and I have reason to believe that the tax policy branch of the Department of Finance itself has given it some support. Unfortunately, it would seem that it is the Minister of Agriculture who has rejected the proposal. He has suggested that cattle herds are being reduced only to normal levels and that this is the conclusion reached by a drought task force survey last summer. Believe me, Mr. Speaker, this is not so. I say this most emphatically. Further, I would call attention to the response given to me by the Minister of Agriculture that there is "a rational culling of breeding herds which will serve to bring herd sizes more in line with normal range-carrying capacity."

Mr. Speaker, we simply do not have normal range-carrying capacity at the present time. Our carrying capacity in the drought area is the worst since 1937, which is 40 years ago, and I have been involved in the cattle industry in the heart of that drought area for every one of those 40 years, excepting the war years. In many cases cattle numbers have already been reduced by one half—in my own case it is by one third—and further reductions over the entire drought area will be necessary during the next two months.

I ask the special cabinet drought committee of eight, including the Minister of Finance, with the Minister of Agriculture

as chairman, to reconsider the advisability of this tax deferral proposal. It is reasonable and practical; it has very wide support and it could serve as a last resort which would allow cattle producers to survive in a critical drought area. I am sure the Minister of Industry, Trade and Commerce (Mr. Horner), and the Minister of State for the Environment (Mr. Marchand) are fully conversant with both the subjects of which I speak tonight.

● (2227)

In conclusion, Mr. Speaker, I just want to make a very brief comment on the cancellation of the plans to tax life insurance policies in the hands of the recipient. I do so because of the heavy mail I have received, and I am sure every member in this House has received somewhat similar mail. This is the main reason the minister, in his good judgment, withdrew the major portions of that bill. I also think we should seriously consider doing away with the other two aspects proposed in that bill, the one on the alleged investment element at the time of a policy loan and the other one, of course, which disallows deduction of interest paid on policy loans.

I am looking forward to the committee stage when Bill C-11 comes before us for discussion in detail, and I hope to participate at that time on the matters which I have raised.

Finally, the father in one of those case histories which I referred to, when I was discussing the details over the telephone, after I am sure a very difficult day at home on his ranch, had this to say after discussing his critical farm situation, "We can handle the cattle physically; we can live with the weather under all circumstances, but when the bureaucrats and politicians move in after four years of depressed markets, what chance have we got?"

**Mr. Kempling:** Mr. Speaker, may I call it 10.30?

**Some hon. Members:** Agreed.

**The Acting Speaker (Mr. Turner):** Order, please. It being 10.30 p.m., this House stands adjourned until tomorrow morning at eleven o'clock.

At 10.28 p.m. the House adjourned, without question put, pursuant to special order.