

*Income Tax Act*

That is a very broad definition of the agricultural industry and it may be necessary to further delimit the terms of reference. For example, "maintaining of horses for racing" is rather a unique category of farming that might be excluded as an essential part of the industry.

In supporting the amendment I would suggest to the parliamentary secretary and the government that at this stage of development of the agricultural industry, when it is obvious that very serious economic hardship is being suffered by our farmers, there is every argument to be made that the proposed amendment is one of the best ways of avoiding further serious deterrent to the progress of the industry.

I do not have to outline the statistics or the pattern that has evolved in the past couple of decades. More and more of our farmers have been leaving the industry. It is part of what the sociologists call the rural-urban drift. Judging by government policy initiatives that I have outlined briefly, the government has accepted that the drift from the farm to the cities is an inevitable process and has decided that any policies it initiates will accelerate the process. How else can the pattern that has evolved in legislative initiatives over the past two or three years in this House be explained?

I think farmers are quite justified in resisting as strenuously as they can through farm organizations and personal protests what the government has been trying to do. Members of this House who represent farming communities have been vigorous enough in the debates on the grain stabilization bill to demonstrate to the government that it is moving in the wrong direction in dealing with the so-called farm problem.

There are still many arguments pro and con the imposition of a capital gains tax, as has been demonstrated in the debate thus far. Surely the government will accept the amendment and remove entirely from the application of capital gains tax the agricultural industry, perhaps with a narrow definition. It does not necessarily have to include horse racing. Farmers engaged in primary production are finding it increasingly difficult to comprehend the rationale of their industry at the present time, as is demonstrated by the movement of farmers from the land and by the increase in the size of farms as farmers move toward corporation farming. If this process continues to be encouraged by the government, we will have corporate farms rather than family farms and then the problem of capital gains will be resolved even if there is an exemption as recommended in this amendment. Though we have had extended debates on agricultural problems over the last few months, the government obviously has not accepted the reasonableness of our arguments.

I should like now to deal with the broader social implications of legislative initiatives as represented in this further attack on the integrity of the family farm. Perhaps this applies to western Canada more than it does to other parts of the farming economy. There is a social problem involved in the imposition of a capital gains tax which would eat at the very foundations of the preservation of the family farm, which would have serious implications with respect to the growth of our urban population at the expense of the rural population and which would aggravate and compound the social and economic problems

that are increasing in the large metropolitan communities at such a rate that local government is not able to cope.

• (5:50 p.m.)

It is in urban communities that you find the major social difficulties, the problems of pollution and the problems associated with the decline and disintegration of the family as a basic social unit. That is where you will find the greatest delinquency and crime; that is where you will find problems associated with the drug culture which is espoused by young people. That problem is exercising governments at all levels to a great extent today. All these basic social issues have their origin in the phenomenon which has been part of the twentieth century, of the accelerating drift of the rural population to the big, booming metropolitan communities.

I do not think it is inevitable that this situation should persist. It is not a natural phenomenon. I think we will find, as is already occurring, that more and more young people will be moving out of the big city because there is a repeated lowering there in the quality of life associated with the pursuit of some of the basic values which are not necessarily connected with economic and fiscal values. Economic and fiscal values were perhaps the prime motivating forces in the earlier part of the twentieth century. It is significant that young people today are repudiating these values and emphasizing the quality of life as measured in human values rather than as measured in economic and fiscal values.

Any step put before the government which will encourage the slowing down of the so-called rural-urban drift should, I think, receive the wholehearted support of members on all sides of the House. We have here an opportunity to do that. Without destroying the broader intention of section 3, in particular, of Bill C-259 we can do it by removing entirely from the legislation the application of a capital gains tax to certain groups.

Let me say again that we may require a further redefining of the agricultural industry. The government has already brought in numerous amendments and amendments to amendments, so there is no problem in this respect. Certainly, enough has been said already about this particular item. Yet we can demonstrate that the family farm should be preserved at all cost. We are moving very gingerly into the capital gains field. The rates of tax will not be applied at the regular level of income or corporation tax. Actually, certain exemptions have already been brought in by the government through its legislative initiative. For example, the basic division between securities and other forms of property is one attempt by the government to differentiate between the kinds of assets that should be taxable under the proposed capital gains provision.

I strongly recommend that the parliamentary secretary and the government accept this amendment. They have proposed many amendments of their own. The government has been reluctant to accept any amendments proposed as a result of committee hearings held prior to committee of the whole discussion at which Bill C-259 was discussed. Surely they can accept at least one amendment proposed by members of the opposition. It is designed to protect a fundamental, primary industry—the agricultural industry—from further erosion, to preserve the family