

ment fund. My question relates to the fact that the promise was made and the farmers, perhaps mistakenly, are relying upon it, which is immobilizing farmland, particularly in western Canada.

Would the Deputy Prime Minister impress upon his colleague, the Minister of Finance, and recall to his mind the promise which was made by the Prime Minister in Prince Albert, to ensure that the abolition of capital gains tax on farmland transfers will be inserted in the Budget?

**Hon. Barbara McDougall (Minister of State (Finance)):** Mr. Speaker, I am sure that not only as a former Prime Minister but as a former Minister of Finance the Right Hon. Leader of the Opposition would not expect us to speculate on the Budget at this stage.

#### AGRI-BOND PROPOSAL

**Right Hon. John N. Turner (Leader of the Opposition):** Mr. Speaker, I am not asking the Minister of State for Finance to speculate on the Budget. I am asking her to remind, through the Deputy Prime Minister, the Minister of Finance of the undertaking which was given by the Prime Minister in Prince Albert. By the way, this is the most overdue Budget, in terms of the period between an election and a Budget being brought down, in modern Canadian history.

Would the Deputy Prime Minister remind the Minister of Finance of the undertaking which was given by the Prime Minister in Prince Albert last August that a new style of agri-bond would be made available to farmers with a long term and a low rate of interest? Would he also remind the Minister of Finance that the promise included that the interest rate would not be taxable for purposes of income tax? Would the Deputy Prime Minister remind the Minister of Finance of that particular undertaking which was given by the Prime Minister?

**Hon. Erik Nielsen (Deputy Prime Minister and Minister of National Defence):** Mr. Speaker, I will certainly undertake to continue my discussions with the Minister of Finance and others of my colleagues who are very busily engaged in assisting in the preparation of budget material; so much so that I wish that what the Hon. Member for Yorkton-Melville said about my absence from this place and my presence at home was, in fact, true.

I would recall to the mind of the Leader of the Opposition that it was in 1971, when he was a member of the Cabinet, when the capital gains tax was imposed on farmlands in the first place.

**Some Hon. Members:** Hear, hear!

**Mr. Nielsen:** Fair is fair. I will certainly undertake to remind those around me who may need reminding, but I think it is only fair to remind those opposite, particularly the Leader of the Opposition, from time to time of actions which were not taken or of actions which were taken that were harmful to the farmers during his time.

#### Oral Questions

##### PART-TIME FARMERS' LOSSES

**Right Hon. John N. Turner (Leader of the Opposition):** Mr. Speaker, I can understand the Deputy Prime Minister's selective memory. It is true that capital gains taxes were imposed across the board in 1971. But I am sure he would also recall that when I was Minister of Finance I lifted the capital gains tax on the transfer of farmlands from one generation to another in families. He recognizes that.

When the Deputy Prime Minister is in a selective mood, perhaps he could remind his colleague, the Minister of Finance, of the promise of the Prime Minister to lift the limit on farm losses for part-time farmers. When he does that, would he also consult his colleague, the Minister of Justice, who undoubtedly is up to date on his portfolio? The judgment this morning of the Federal Court of Canada in the Graham case defeats the Government's appeal against those part-time losses. Would the Minister get an undertaking from the Minister of Justice that he will not appeal that case and at least restore the position of the farmers?

● (1420)

**Hon. John C. Crosbie (Minister of Justice and Attorney General of Canada):** Mr. Speaker, I am glad that the hon. gentleman is determined to undo the damage which he did in the Budget he introduced in the early 1970s.

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#### TRADE

##### IMPORT QUOTAS ON BEEF IMPORTS

**Mr. Maurice Foster (Algoma):** Mr. Speaker, my question is directed to the Minister for International Trade in the absence of the Minister of Agriculture. I wonder if the Minister for International Trade can confirm press reports that in fact the Government of the day has sold out the beef producers of Canada and is going to increase beef quotas to the European Economic Community from some 5.9 million pounds to 23.5 million pounds? That is a 300 per cent increase above the quotas which the Government imposed in December of 1984, amounting to something like a thousand carcasses a week of subsidized beef coming into Canada, which will have a devastating impact on our agricultural community and on the beef producers. Can the Minister confirm that in fact he has sold out these groups?

**Hon. James Kelleher (Minister for International Trade):** Mr. Speaker, I can certainly advise the Hon. Member that at no time has this Government, nor will this Government, sell out the interests of the Canadian beef producers.

**Some Hon. Members:** Hear, hear!

**Mr. Kelleher:** I can also advise the hon. gentleman that Canadian officials have indeed initialled an agreement with the officials from EC, but under the GATT procedures the