

Income Tax Act

In considering clauses 28 and 32 it becomes apparent that these provisions are a device to remove any special privileges that the farmers may have enjoyed to date. The previous speaker dealt with this point at length. He made a very good point when he said that the agricultural industry has been unable to pass on in the price of its products to the consumer—whoever he may be—any taxes that might come from part of his increased cost of production. The industry has also been unable to meet the increase in inflation in this country.

I say this, Mr. Chairman, to emphasize the point that it is still my belief that the agricultural industry needs special consideration in the field of taxation. One has to go back to the Carter philosophy and ask whether Carter was right in his theory that a buck is a buck; that if a farmer makes a buck that buck should be taxed equally with anybody else's buck. The Minister of Finance, to be kind to him, does not fully accept in Bill C-259 the theory that a buck is a buck, and I am heartened by his generous attitude. But although he does not go quite as far as Carter and say that a buck is a buck, when it comes to agriculture he goes nearly all the way. Four or five basic rights that farmers have previously enjoyed are now being eliminated by this bill.

What does the removal of these concessions mean to the farmers? First of all, these provisions will blend in well with the farm adjustment program because they will tend to eliminate small farming operations. They will also blend in well with the marketing act which tends to introduce rigid control. The government will be able to control the advancement of the very few farmers who will still be left in business. I suppose there is an overriding feeling in the academic world, particularly around Ottawa, that if we can just get rid of two thirds of our farmers by 1980, as the task force report on agriculture suggests, the remaining one third will be so much better off financially they will not have to be subsidized in any way, shape or form, by the federal government. Certainly, this is an attitude that is reflected in federal tax measures. It is the old attitude that was expressed by the Prime Minister in Winnipeg, when he said: "Why should I sell your wheat?", giving a characteristic shrug of his shoulders. That is the attitude that is going to be rejected today in Assiniboia.

Mr. Nowlan: The Minister of Justice has been out there.

Mr. Horner: The Minister of Justice went to Assiniboia earlier in the campaign and called the issues. I hope he accepts the result, having called those issues, when it is announced later today.

Mr. Turner (Ottawa-Carleton): You can have half of Woolliams' benefit.

Mr. Horner: I did not hear that remark!

Mr. Burton: Tell us about the meeting you had in Winnipeg, John.

The Deputy Chairman: Order, please. I invite the hon. member to address his remarks to the Chair as much as possible.

Mr. Horner: Mr. Chairman, I was interrupted and it brought me back to that great meeting the Minister of

[Mr. Horner.]

Justice had. The hon. member who is piloting through this legislation was also out in Weyburn.

Some hon. Members: Hear, hear!

Mr. Horner: I think some of his Liberal colleagues should slap him on the back and thump their desks, because from what I hear only about 16 came out to hear him.

Mr. Turner (Ottawa-Carleton): I hear you spent two days looking for a crowd, Jack.

Mr. Horner: I did not have that privilege, no. I was saying, Mr. Chairman, that one has to assess just where this particular thrust in our agricultural legislation came from. Having done that, let us couple it with the proposals of the Carter Commission in regard to the agricultural industry which the Minister of Finance has pretty well accepted intact, though there are certain differences between the minister and Carter over the capital gains tax and so on.

We have also had a number of studies conducted of the agricultural industry. Besides the Carter report on taxation we had the task force report on agriculture which was conducted by academics and one person from western Canada who perhaps knew something about agriculture—the dean of agricultural economics, I believe it was, at Winnipeg University. Then we had a study of the grain marketing situation. Then we had a study of grain handling and then one of the rapeseed industry. That was followed by the issuance of the farm adjustment program paper. All of these studies were devised by academics and directed toward control and simplification of the agricultural industry. The theory is that if the government is going to put money into agriculture, then it should control agriculture.

As I say, the tax bill that we are discussing takes away certain advantages farmers have previously enjoyed. It tends to take away, and I think eventually will take away, a farmer's right to compute his income tax on a cash basis. I see the parliamentary secretary shaking his head in dissent. I did not say that it would take it away; I said it was moving in that direction. He is now nodding his head affirmatively. This would seem to be the direction in which the Department of National Revenue intends to move. It will strive to place the farmer on an accrual income tax basis rather than on a cash basis. This will mean a great deal to the practical farmer.

• (4:20 p.m.)

These changes in income tax Act will tend to force the farmer into incorporation. A farmer with a large operation is better off with incorporation. Many farmers, however, derive their livelihood from owning a small farm and take a sense of pride in it. They do not want to become incorporated. They do not want to issue annual statements to a provincial government in which they outline their income and expenses for a given year. This legislation will tend to force farmers into incorporating. This will be acceptable to the large well-financed farmers. The farmers with small farms will not bother to take advantage of incorporation. This will hasten their demise.