

*Income Tax Act*

to do this, one of the basic precepts of income tax is that it should not kill the goose that lays the golden egg; in other words, it should not destroy entrepreneurial activity, if for no other reason than that this activity produces revenue. I should like to know how much tax the government is collecting from dairy producers in foreign countries who are going to sell Canada over 25 million pounds of butter. Are the economists that the Minister of Agriculture has in his stable going to advise the government how to tax butter producers in New Zealand or other countries? The government ran out of time to pay subsidies so as to get the cheese factories out of business in Ontario. This year they gave them an extension of time so they could collect the grant to quit producing cheddar cheese. The government could have saved taxes by not paying the cheese factories not to produce cheese.

I say it is about time the government started to think about the ordinary guy in the farming business in Canada. The government has programs to get them out of farming. The agricultural adjustment program was another scheme the government dreamed up in some back room to kill off the taxpaying farmer of Canada. They wanted them shuffled out. I do not know whether these farms will get any better, but they are certainly going to make them bigger. There is a good scheme going now to get them big enough that Kraft will buy all the milk. Then you will have a one-man show.

The government will then have the problem of trying to get Kraft to pay income tax. Kraft will probably move its head office and the government will be pretty badly strapped. Before the government finishes its grand master plan to close down the cheese factories and let Kraft take over, it had better develop some method of getting tax moneys from Kraft. Otherwise, the government may experience some small difficulty.

The government has set up some pretty good outfits. For example, there is the Canada Grains Council. I asked the minister about this today. The government gives this council some of the taxpayers' money, then the council publishes a little pamphlet which is just like the one put out by the Department of Agriculture. So there is more duplication there, but I do not know whether they think it is important. The minister in charge of the Wheat Board is also responsible for this council. He sends out questionnaires to find out how farmers want their two-price wheat system implemented. Then these retired farmers write us letters asking how they can get paid their share. These are the retired people for whom the two-price wheat system fails to provide, the people who have retired and whose sons have taken over their farms. They write to us saying they are dependent on their farms for some of their income and that they want their share.

• (2050)

The government and the minister are not really thinking about the ordinary operator and how he can solve his problems. Today the Canadian Co-operative Wool Growers met in Ottawa and invited the minister to speak to them at the Chateau Laurier. An hon. member who represents a number of these people was in attendance. I am not sure whether he heard this statement, but he should have because it is indicative of the situation on farms

[Mr. Gleave.]

throughout western Canada. The statement made by the minister to the wool growers' association was as follows:

I think one of the most important challenges you face right now is to make the industry grow, and to get more farmers into the business. I say that because I believe you don't have enough volume to build up a consumer market. You don't have enough volume to make it attractive for businessmen to invest in a top-notch marketing system, including packing plants.

It does not matter whether it is the wool growers or anybody else, if they are to obtain an increase in the price of their products and invest more money in the industry, they must have confidence that they will be able to obtain a reasonable return. They must be confident in the belief that if they invest, their money will be secure and they will be able to make a decent living. If farmers do not have that confidence, they will not stay on the farm.

The minister has said that dairy farmers in Ontario are not able to employ enough workmen to operate their farms. I suggest this is because we have persuaded too many young people to leave the farm. Anyone who has observed population trends knows that it is easy to convince young people to move from rural areas to the city, but extremely difficult, once they have become urbanized, to persuade them to move back to the country and work in a rural environment. That is what has happened in this country. The minister agrees that it has happened because we have not provided encouragement or security to young people living and working on the land. Instead, we have developed policies which result in the very opposite, namely, encouraging people to leave the land.

I recall attending a meeting during the election campaign in a little place called Hafford in the northern end of my constituency. This meeting was arranged by people involved in the dairy processing industry and officials of the provincial government: they got these people together to persuade them to go back to milking cows and producing industrial milk. Some five years earlier these people in the town of Hafford were milking cows and shipping cream. The dairy commission changed the method of quota payments, and many of the producers dropped out of the industry. Some of their sons and daughters had left the farm and had no intention of returning. I assure the Minister of Agriculture that we in Saskatchewan will have an uphill job getting these young people back to the farm. This is mainly because of politics adopted by this government.

The same situation exists in the hog industry. There was a real upsurge in hog production in 1969 and 1970. Then we hit a downturn in price and this government did not make any move to protect the producers until it was too late. We will now have a difficult task increasing hog production.

I see that the Minister of Finance and the Minister of Agriculture have got together. I do not know at this point whether they are discussing a charge in these taxation proposals, but I hope they are.

**An hon. Member:** One or the other should resign.

**Mr. Gleave:** An hon. member suggests that one of them should resign. I think that is an excellent suggestion. At least they have sat at the same desk and are talking to each other. Perhaps they could confer long enough to