

I put them in his words because he is the tax expert, not me.

1. The sale of their existing properties and the subsequent acquisition of a replacement property.

I think I have covered that in my comments.

2. The acquisition of replacement property which is subsequently followed by a sale of his original property.

It is a question of which comes first, the buying or the selling.

This can happen in a situation where a taxpayer is planning to expand his business but because the availability of suitable land, buildings or other related factors, may require him to acquire a new property prior to arranging a sale of his present property.

These are real problems for a businessman. Dairy farmers in my area have 70 or 80 head of cattle. I do not know exactly how many. I see them every time I go down the road to my home from my office, but since they are all black and white and there are so many, I cannot count them. The principal objective in life of these farmers is to produce milk, not to try to work their way through this bill. We have to work our way through this 225-page book. I hope that when the time comes these questions will be answered. Supposing there is a capital loss—how would it be calculated?

● (1822)

Another matter which concerns me is the taxation of insurance loans. I was delighted that all members in this House and even the members on the government benches have made representations to the Minister of Finance to have that benefit tax taken away. Last night someone said that it was all done because of representations from the government side of the House. Mr. Speaker, that is poppycock: we all made legitimate representations; we have all heard from our constituents.

Taxing widows is outrageous. I do not know what the responsible public servant had in mind to get involved in this matter. The government has not backed off fully, just partially. I should like to quote from the minister's information sheet which was tabled along with his budget. It reads:

The government has decided to withdraw, pending further study, the proposal that would have made taxable a portion of the investment income on certain life insurance policies realized on death.

Apparently that has escaped our notice. What further study is required to eliminate that unjust imposition of taxing widows? No further study is required on that. It had better not show up again, because there will be another attack on it. Further, in relation to the taxation of policy owners, the minister indicated that the remaining proposals will go forward as originally proposed. There are two proposals, both of which require careful examination. An allusion has been made to them already. The information continues:

Despite the dropping of the death tax, Life Underwriters Association of Canada and its members must continue to oppose the highly objectionable proposals.

Income Tax

I share their position. The highly objectionable proposals are those to tax the alleged investment element at the time of a policy loan, and to disallow the deduction of interest paid on a policy loan in all circumstances. The last time I said "comprehensible", and somehow an "in" got in front of it. This time I say that it is incomprehensible that there would be a disallowance of the deduction of interest paid on a policy loan in all circumstances.

As the previous speaker mentioned, one can bring an insurance policy to his insurance company in order to borrow against it, and the interest charges will be non-deductible. One can take that insurance policy and go to the bank in order to borrow against it, and pay an interest rate of 12 per cent or 13 per cent, and the interest charges are deductible. Why the difference? It is clear. It has been described as an Alice in Wonderland theory that a policy loan is not a loan, and that policy loan interest is not interest. Not only is that unfair, it is fantastic. The language of life insurance policies clearly requires a policy loan to be repaid. It will be repaid. The insurance company is in the business of getting repayment of its loan. Anyone who has received a loan from an insurance company and does not pay it back, knows what happens. That is a fair deal: that is their business.

● (1827)

This nonsense about not being able to deduct the interest on a policy loan when it is taken out from an insurance company, but being allowed to do it when it is taken from a bank, using insurance as collateral, is absolutely beyond my belief.

I would like to deal with clause 116. It is on page 210. I have had to do a bit of my own indexing here. Clause 116 deals with supplementary borrowing authority and reads, in part, as follows:

The governor in council may . . . at any time before 1979, raise by way of loan . . . the sum of nine billion dollars, as may be required for public works and general purposes.

Mr. Speaker, would you believe me if I were to tell you that the total budget of this government when it first came to power was just \$9.9 billion? Now it wants to borrow \$9 billion. Its budget this year is over \$40 billion. It has gone from, let us say, \$10 billion in 1968 to \$40 billion—\$45 billion or \$47 billion; I do not know. One loses count. Does anyone know how much \$1 billion is? Tonight I heard some hon. member opposite say, "Oh, what is a zero or two?" When I resume tomorrow I am going to tell the House how much \$1 billion is, and it will shake the House rigid. A billion dollars is a lot of bucks.

Mr. Speaker, may I call it 6.30?

The Acting Speaker (Mr. Ethier): It being 6.30 p.m., this House stands adjourned until two o'clock tomorrow afternoon, pursuant to Standing Order 2(1).

At 6.30 p.m. the House adjourned, without question put, pursuant to special order.