

Income Tax Act

removed from the realities of the business of farming. I believe they have taken a theoretical and academic approach to the whole business of farming, and have failed to recognize that there is something unique in farming. It is a way of life. I do not say for one moment that it can be looked upon as just another kind of business. It is an industry which is largely dependent upon the success of the export markets, and that has its ups and downs as a result of the vagaries of the weather. In most cases, the reward for the labours of those engaged in farming is the appreciation of their investment.

This was very clearly outlined in the brief that was submitted on behalf of the Canadian Cattlemen's Association to the minister, and which pointed out the high investment and low returns in farming. I will quote the following statement from the brief of November 1, 1971:

It has long been recognized that the ratio of investment to returns in agriculture is extremely high. Not only is this a characteristic of agriculture but the problem is further compounded by a moderately high risk factor associated with the vagaries of climate and markets.

Indeed the low returns to agriculture are evident in the fact that banks are reluctant to extend long term credit to farmers and hence the need for and use of the government administered Farm Credit Corporation.

Thus, it is obvious that in a high cost, moderate risk, low return industry the effects of capital gains taxes would be more disruptive and burdensome than they would be in a low investment, high return business such, for example, as is common among the professions.

Another recognition of this fact is to be found in the report of the Senate Committee on Banking, Trade and Commerce dated November 4, which also sets out in very clear and categorical phraseology the fact that it is their view that farmers occupy a special position in the economic structure of this country. It goes on to say:

Over the years, this sector of the economy has become increasingly subjected to pressures which have led to a profound change in the nature and use of farm lands. Your Committee is concerned by this trend and believes that measures should be taken to reverse it.

We are in a situation where the business of farming will be treated like any other business, without cognizance being taken of the fact that there is something unique about farming and that we must work toward preserving that lifestyle. This measure has failed to recognize the fact that there has been a decline in the rural population with a consequent deterioration of rural communities. I believe that it would be very unwise for us to stand idly by and allow this government to bring in measures which would adversely affect the family enterprise. We should be working in the opposite direction. We should be encouraging rather than discouraging this type of activity, which is so basic and so fundamental to the economic and social well-being of our nation.

Combined with this tax proposal, we have many other legislative measures which do nothing more than speed up the process of rationalization and of moving people off the farms and into the cities. I should like to quote from a speech made by the Minister of Agriculture, as reported in the *Vancouver Sun* of December 2. This is the direction in which the government is moving. It is substantiated by the bills with which we have dealt, this bill included. The article reads as follows:

Details are being worked out to take inefficient or marginal farmers out of the agricultural scene, federal Agriculture Minister H. A. Olson told the 38th annual convention of the B.C. Federation of Agriculture here Wednesday.

He said that agriculture today is so complex and world competition is so keen that it is for the good of the nation that such a program be available.

On the other hand, the spokesman for the B.C. Federation of Agriculture said the following in his opening address, as reported by the *Vancouver Sun*:

—during 1971, producers were as efficient as ever, crops were not too bad, farmers worked harder than ever—“and yet we seem to be going broke faster than perhaps ever before”.

The question I want to ask is, who will decide who is efficient and who is inefficient. Certainly, it seems to me that with the lack of incentive in this proposal the industry will find that there will be nothing more than a speeding up of this process which is now well under way.

Another point that concerns me is the fact that this bill is so complicated and confusing. We are being subjected to a form of coercion in that this measure is being stuffed down our throats. The Liberal leader in the province of Alberta has said, and it has been said more than once, that the new system is so complex the average businessman will have to spend a considerable amount of time with his lawyer and accountant. In fact, one observer has suggested that the name of the new income tax act should be more appropriately “an act to provide financial relief to needy lawyers and accountants”.

The capital gains provisions in the bill have been outlined by the hon. member for Crowfoot and the hon. member for Mackenzie. I wonder whether the parliamentary secretary, or indeed the Minister of Finance, have any figures to indicate just what they will mean in terms of revenue to the federal treasury when the capital gains tax, as it relates to farmers, is enacted. I wonder whether it is significant in terms of revenue, and whether the matter of administration has been taken into consideration. I wonder whether consideration has been given to the disruptive effect which these provisions will have in the future on the family farm operation.

I believe that unless all three of those factors have been taken into consideration in a realistic way, the capital gains provisions relating to farmers might very well need a reappraisal. If the revenue that is derived from this is rather insignificant, then the disruptive effect that the measure will have on the future of farming, and on the handing down of land from father to son, would not be worth the administrative difficulties, the harassment and confusion that are about to be created as a result of this measure. I hope that the Minister of Finance or the parliamentary secretary will shed some light on this matter.

The other point on which I hope the minister might comment, and which was touched on briefly by the hon. member for Crowfoot this morning, relates to the tax on the sale of depreciated farm machinery. I think the present provisions in the Income Tax Act have been acceptable to farmers in enabling them to maintain a modern line of farm machinery. This had important side effects because, as is well known, one dollar spent on agriculture yields a multiplier effect of \$7. I believe the hon. member for Brant will confirm that as a result of current pressure on the agriculture industry, the manufacture and sale of