

Income Tax Act

which consent to locate in particular regions of Canada to take advantage of surplus labour. I have no quarrel with this. I am not opposed to the government's actions in this regard. Over the years, for no reason other than political expediency, tremendous tax benefits have been granted to companies and corporations through tax forgiveness, tax benefits and so on. We see no evidence of such an attitude where agriculture is concerned. No doubt the government will argue that other measures have been taken to assist agriculture. The fact remains that we must deal with these tax provisions as they are set before us, on their merits. From my study of the bill they will be disastrous for many farmers.

We are concerned over the fact that it will be almost impossible in many cases for a farm to be passed on to blood relatives. The hon. member for Okanagan-Boundary has told us that even though the gift tax will be a thing of the past a tax would still have to be paid on capital gains related to the property itself. He explained that the tax might not have to be paid all at once—payment could be spread out over ten years, for example. The point he made was a valid one and perhaps it is a fair one. The fact remains that tax would still have to be paid. We are saying that because of the very nature of the farming industry, and of the units we are considering, it will be impossible to make these payments in many cases. There is not enough money there. In many instances it will be necessary to dispose of capital assets in order to comply with the regulation. As a result, the economy of the unit will be weakened and it will be almost impossible for the farm to carry on successfully. Thus, in effect, we are destroying the unit. Mr. Chairman, we cannot destroy these units. They are the very basis of agriculture.

Perhaps it will be necessary for us to elicit from the government during this very debate a statement reflecting the position taken on this issue by those who sit on the treasury benches. Are they really concerned about maintaining an agriculture industry in Canada? This is what we are talking about, in effect. The returns to agriculture are so marginal that even as things stand we are losing many of our farms. The bill before us proposes a further financial handicap as a result of which farmers will be placed in an even less competitive position in terms of international trade. It will be interesting to learn in the course of this debate why the government should feel it necessary to change the basic concept of the taxation of farmers and farm businesses. It will be interesting to learn whether the government is at all interested in maintaining any segment of a viable agriculture industry.

I am looking forward to hearing answers to these questions, because these are the questions about which farmers are most concerned. They are asking themselves: Have I any hope of making a living for myself and my family in the years ahead? Is there any use trying to build up a strong and successful farm enterprise in order that my children and grandchildren may have an independent business and source of income, or am I simply making it possible for the government, through its tax laws, to take an ever-increasing share of my returns to the extent that I shall eventually lose my business, lose my security? Ought I to advise my heirs to go out and make a living in some other fashion? I am not overstating the position, Mr. Chairman. I am seeking in a calm and factual way to

indicate to those on the government benches what the repercussions of some of the provisions in this tax measure before us are likely to be.

Mr. Horner: Mr. Chairman, on rising to take part in this debate, I find myself wondering what is in the mind and heart of the government. We are dealing today with four sections which pertain to the agriculture industry.

To be kind, the government has tried to exercise some control, some sense of direction, to give some guidance to the agriculture industry. Then, the treasury seeks to slap on a set of taxes which suggests that hon. members over there on the front benches really have no heart. One is prompted to examine the intent of other legislation which the government has introduced affecting the farm industry. A number of such measures have been brought down since 1968, and I shall list them briefly. There was the National Marketing Act, commonly known as Bill C-176. In western Canada, at least, it has been determined that this is unsatisfactory. At about the same time the government introduced a bill known as Bill C-175 dealing to a large extent with the rationalization of the grain handling system, and protein grading. It was overhauled and modified a good deal in the agriculture committee; the government did not get its way altogether.

Then the minister brought in Operation Lift, which was implemented not by legislation but through regulation. While the minister in charge of the Wheat Board may boast that the operation accomplished what the government sought to achieve, the farmers of western Canada regarded it as being most objectionable. Next, we were invited to approve a new quota system, a proposal which is still being analyzed by farm opinion. Maybe it has some merits. The stabilization plan is the subject of heated debate in Assiniboia. We shall know the answer tonight. I am confident of what that answer will be. It will be a complete rejection.

• (4:10 p.m.)

Mr. McBride: Of whom?

Mr. Horner: Of the stabilization bill and of the present government. Then, we also had on March 13 a program devised by the government and called the farm adjustment program. The federal government was seeking the co-operation of the prairie agricultural ministers in this program. When you roll all this into one package, you can well ask just where government agricultural policies are leading, and how this proposed tax legislation we are now debating fits into the picture.

Is this bill compatible with the government's agricultural legislation? What has that legislation attempted to do? It has attempted to regulate, to control and to simplify the agricultural industry. Even the spokesmen for the national marketing board would agree with that simple definition of the intent of the legislation: it is to control, to simplify and to regulate the agricultural industry. That has been the theme of the government's agricultural legislation. Has this legislation been accepted by the agricultural community? Have they received it warmly or rejected it? I think nearly to a man the agricultural community has rejected this kind of thrust, this regulation, simplification and control by the government.