

*Income Tax Act*

We have attempted to maintain a flexible attitude toward the bill. We have listened to the representations made in the country and in the committee with respect, for example, to the taxation of co-operatives and credit unions. I am happy to state that when we go into the committee we will be moving a series of major amendments—

Since the government has invoked closure, I hope that the remaining four days will not be completely wasted in discussions about matters of little value or use. I hope the government has a flexible mind and will consider certain changes in respect of the application of the capital gains provisions, such as sections 29 and 39, which apply to the agriculture industry. As recorded at page 9442 of *Hansard*, I posed a question to the parliamentary secretary—

**The Deputy Chairman:** Order, please. The hon. member for Winnipeg North Centre is rising on a point of order.

**Mr. Knowles (Winnipeg North Centre):** Mr. Chairman, I rise on a point of order I had thought of raising earlier. In view of the reference just made by the hon. member for Crowfoot, I think it should be raised. I believe it was understood that the debate today would include, not only capital gains in general, but more particularly capital gains as related to farmers. I thought sections 28, 29, 30 and 31 were also in the general area we are discussing. The hon. member for Crowfoot has just mentioned one of them. I agree with him, but it struck me that we should have this understood. In other words, are we discussing today the principle of capital gains generally or are we discussing the farm situation and capital gains as it applies thereto and the whole question of the basic herd. I thought it was to be a farm day.

**Mr. Benson:** Mr. Chairman, we are quite willing to discuss both.

**Mr. Knowles (Winnipeg North Centre):** Then, Mr. Chairman, perhaps you would identify clauses 28, 29, 30 and 31, because we agree with the Minister of Finance that the discussion is on both capital gains generally and farm problems as well.

**Mr. Benson:** It is quite agreeable to the government.

**The Deputy Chairman:** In that case, does the committee agree that I invite discussion also on sections 28, 29, 30 and 31 dealing with farming which was also considered on November 9, 1971. I wonder if the committee would wish the Chair, when putting these questions if we ever reach that proceeding, to put them at the end of the list I have already given.

**Some hon. Members:** Agreed.

**Mr. Horner:** Mr. Chairman, I was just about to read from page 9,442 of *Hansard* where I put a question to the Parliamentary Secretary to the Minister of Finance. I shall not read the whole question. I dealt with the subject matter of the introduction of capital gains and how it applied to the basic herd. I said:

Regarding the change in the basic herd concept, could the parliamentary secretary indicate whether I am correct in assuming that this provision was brought about because of the introduction of the capital gains tax?

The parliamentary secretary replied:

Yes, Mr. Chairman. It is the view of the government that with the

introduction of a capital gains tax the need for the basic herd is greatly reduced or eliminated.

On those particular days, November 8 and 9, we dealt with this matter at length. The government was good enough to accept the suggestion we made on November 9 that section 29 should be allowed to stand until they reconsidered our suggestion. I would like to think that in the intervening time they have reconsidered their position. I pointed out that, in essence, there is a capital gains tax in the United States but they still have the basic herd concept, the capital asset concept. This proves conclusively to me that, with the introduction of the capital gains tax, it may still be useful to the agriculture and livestock industries to maintain the basic herd concept. If our competitors in the country to the south of us are maintaining it, and we are all in the North American market, we should have the same privilege here in Canada.

Much has been said in this House about the agriculture industry and the plight of the farmers, but I find that more and more words of concern for the agriculture industry fall upon deaf ears. Farmers today are the forgotten part of our society. I suppose that this has come about partly because farmers have cried wolf too long and too often, and governments of one stripe or another have become more or less immune to those cries and have rejected them. Surely, we must concern ourselves with the major employer in Canada, namely, the agriculture industry. I was reading a publication recently in which it was said that a dollar spent in agriculture has the greatest multiplying factor in the creation of jobs, more than in any other industry. I notice that my remark caught the ear of the Minister of Industry, Trade and Commerce, and I am glad it did because he knows about the multiplying factor of dollars spent in industries in the creation of jobs in our society. Surely, it has been known for a long time that if you give the farmer a dollar he will spend it on machinery, and this creates opportunities and jobs for Canadians which we really need.

So, as much as the government would like to say, to heck with the farmer and his problems, we should concern ourselves with him if we want to create jobs and opportunities for the other segments of our society. It has been said many times that the farmer lives poor and dies rich. Why is this so? It has often been said also that farming is not a way of life, it is a business. To me, the farming industry is still a way of life. A farmer owns his land and works on it. He does not keep track of the hours he spends on farming. Sometimes he works ten hours a day, then goes out after supper and works for another five or six hours fixing something in the yard or some machinery in the shop. He does not count how many dollars he receives per hour, and in many instances these extra hours which he spends working on the farm go into maintaining the farm and increasing its wealth as an establishment, increasing the value of the farmstead. He does not reap the value of that farmstead until he passes it on to someone else.

I remember going to visit a well known farmer in the Ottawa district. He had two big pictures hanging on the wall of his living room. One showed the farm when he first bought it and the other one was of the farm after he had had it for 20 years. There was a tremendous difference between the two pictures. The farmhouse and barn