

the farmers in that area would like to see in the tax proposals which are passed into legislation. They are as follows:

- (a) the need for farm transfers within a family without capital gains taxation.
- (b) the need to remove taxes from the sale of marketing quotas.
- (c) the need for maintenance of the basic herb concept.

They are not asking for a great deal. It will not cost the government a significant amount of money and will not bankrupt the Canadian economy. It could be done without causing a great deal of distress to the Minister of Finance (Mr. Turner). It may even help the Minister of Agriculture (Mr. Whelan) to look like a better guy. However, it is apparently just too much to hope for.

The basic problem of the government and those who plan our taxation system is that they do not understand what it means to let agriculture survive in this country. Never mind helping them to survive, but just to let them survive. That is our problem. The government is hopelessly behind the times in its thinking. They are attempting to have a taxation system that was relevant to agriculture 15 years ago. That is another problem: the practices in farming are changing very quickly.

The second item with respect to the need to remove taxes from the sale of marketing quotas would not have been raised in this House or this country 10 years ago, and certainly not 15 years ago: I think I am absolutely safe in saying 10 years ago. However, it has now become a very important factor in the operations of a significant number of farmers in Canada today. The dairy industry, to name only one sector, has gone the furthest in making a saleable quota part of the total marketing operation. Perhaps it should not have been done that way. I think better methods could have been devised, but that is beside the point. The point is that in many areas the industry now operates in that way.

If a cream shipper—I do not refer to the big shot dairy farmer, but the ordinary person milking 10 cows and shipping cream, or the person milking 10 to 15 cows and shipping industrial milk in Saskatchewan or many other provinces—has to purchase a quota, he has to borrow money. He is making an investment. If he borrows money, he has to pay interest. If he sells his operation, he must either try to recover that money, sustain a loss or those who take over the operation from him must sustain a loss. The present taxation provisions make it difficult for them to finance the operation.

I do not know whether this government and the minister responsible seriously want the kind of farm we have in Canada today to survive. They had better make up their minds pretty soon. The kind of taxation imposed decides, to a very considerable extent, the type of farm that will continue. The manner in which transfers take place, how money is invested and how the farm is passed from one generation to the other is decided by the taxation system. If the taxation system makes it impossible for family farms to finance their operations, they will cease to exist.

I now wish to deal with item (a), the need for farm transfers within a family without capital gains taxation. In their wisdom, those who planned our taxation system said, a farmer can transfer without capital gains taxation, but he must die before he can do so. There are not many

### Income Tax Act

tax provisions where a person must die before he is entitled to an exemption, but that is the case here. What about transfers that are made while the farm owner is still living? Most farmers I know do not want to hang on to the farm until they go to the cemetery; they want to be able to turn it over to their son, son-in-law or whoever it may be. Many prefer to quit so they can relax and take it easy. They may wish to help the son or the family along for a few years. But no, this cannot be done. They have to cash in their chips to get any benefit from this provision. I do not understand why.

• (2040)

Perhaps the minister has some good reason why it is so. Maybe it will cost the government less money if farmers have to die before passing on their land, rather than passing it on while they are still alive. If that is the case, I think the minister should tell us. I think only a few of them will be able to pass it on if they wait till they cash in their chips, because the children will get tired of waiting and will leave. Perhaps the minister will get some more money in that way, but he should at least tell the House why this particular method was chosen.

While the minister is at it, he should also tell us why he did not give consideration to the position of family farm corporations. We now have a significant number of farms run by a father and son or by a family corporation. These farms are also transferred, yet no reference is made to them in the bill. This bears out by my belief that the drafters of this legislation did not understand what they were dealing with and did not choose to consult anyone who did. I get a bit irked when I think of people in my constituency in Saskatchewan who are trying so hard to run their own farms and produce grain, cattle and hogs, yet their ordinary needs are not considered.

Mr. Speaker, there are enough economists in the Department of Agriculture, and I do not know what the Minister of Agriculture is going to do with them. He said that he did not like economists; I have heard him make some harsh remarks about them. But let me tell the minister that they have been the fastest growing force in his department during the last three or four years. The minister has spent more money gathering in economists than gathering in anybody else.

**Mr. Whelan:** Not me.

**Mr. Gleave:** Not you; but you have them, buster. Having acquired all these economists, they cannot even tell the Department of Finance how to arrange a taxation system that will enable the farmers to continue operating. It is either that or the Department of Finance will not listen to them.

We tried to talk the government into leaving the basic herd alone so that farmers would be able to build up and maintain a stable herd of cattle. But even that was too much. No minister of the government has stood in this House and explained why the government could not afford to leave the basic herd as it was. If there is a reason, why does not a minister tell the House what it is? That is the logical and reasonable thing to do.

All of us have to pay our share of taxes and, goodness knows, they are high enough. Although we are prepared