

*Income Tax Act*

deemed realization provisions. On the issue of capital gains and farmland the committee took the view that farmers occupy a special position in the economic structure of this country. That is true. 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 farmland. The committee was concerned by this trend and believes that measures should be taken to reverse it.

I ask the hon. member for Lanark-Renfrew-Carleton whether he accepts this, whether he will go to the parliamentary secretary and ask him to make this concession to the people of our country who are calling for it. It is not asking very much. I suggest to the hon. member from Renfrew that he consider this point carefully because we are asking this not only for the farmers and ranchers of western Canada but for the livestock producers in eastern Canada and, indeed, all over Canada.

I was surprised to hear the hon. member talk about good will in reference to Bill C-259. I ask him where the good will was when he rose in the House a couple of days ago and referred to meetings which the Minister of Agriculture held with the provincial ministers of agriculture on the subject of national marketing boards. He implied in his question—I do not know whether it was a planted question or not, but I have my suspicions—that all the provincial departments of agriculture were now in favour of a national marketing board. Why did the hon. member ask that question? The agreement which was made at that time—and he knew it when he asked the question—was only in respect of poultry. I know that Saskatchewan, Alberta and Manitoba are not in favour of a national marketing board in the sphere of agricultural production, if the hon. member wants good will from this side of the House he should extend a helping hand from his side.

**Mr. Paproski:** It is better to give than to receive, especially around Christmas.

**Mr. McIntosh:** If I were asked whether I was in favour of a capital gains tax as defined in the bill, my answer would be no. One reason for this point of view is the extreme difficulty which a large number of members are experiencing in arriving at a satisfactory definition of the term "capital gain." Possibly the most important question we must ask ourselves in this young country of ours is whether a capital gains tax would be good for Canada at the present time. Again my answer must be no. I am reminded of a fairy story which I often heard when I was a small boy, about the goose that laid the golden egg. The reasoning used by the government right now is the same as was used by the man who killed the goose. He looked at the golden egg and then thought he would try to get all the eggs at once without waiting for the goose to lay them. This is what the government is trying to do.

My belief is that one cannot apply a capital gains tax while achieving the full potential development of our country, nor can we reach our national goals. What are those goals? We have read a great many articles in the newspapers about what these goals should be. In particular, we have read many articles and heard many debates on the subject of foreign investment. It is my feeling that individual citizens in Canada should be given an oppor-

[Mr. McIntosh.]

tunity to promote Canadian development and that the imposition of a capital gains tax would markedly curtail the growth of our country. In the second place, it would work against the desire which most Canadians apparently possess to buy Canada back and would do little to ensure that future growth of our country would be in Canadian hands.

What the government is doing by imposing this capital gains tax is killing this goose that lays the golden egg. It is curtailing the growth of our country. It is limiting opportunities for future ownership of our country by Canadians, and it is reducing the opportunity to repurchase what some people say foreign countries own. In my view, in any equitable system of capital gains, capital losses would have to be an offsetting factor and hence the revenue derived from capital gains is likely to be small.

• (3:50 p.m.)

Due to the administrative burdens such a tax would place upon the revenue authorities, the cost of collection would probably be disproportionately high. In periods of rising prices, many so-called capital gains are illusory because they represent an inflationary-created increase in the price of property sold, rather than an increase in its true value. Many farmers are asking, "What is the value of the land we are farming?" Many members sitting here today have lived in western Canada for a number of years and have seen farmers leaving their land because it was worthless. They could not even pay the taxes on the land. Then in a period when the produce of that land could be sold, prices were inflated. We have gone through another period when the produce of the land could not be sold because of competition in respect of prices and lack of support by this government and the value of the land has gone down.

It is very difficult to determine what is the capital gain on any one piece of land. As I said before, it fluctuates by reason of inflationary trends. There is also the cost-price squeeze. We have heard this term used on many occasions during debate in this House. The situation so far as the farmers are concerned—this is why they should be placed in a special category—is that in the past farmers did not use the sophisticated machinery in their operations that they require today. We could go through history and remember when crops were reaped by binders. Then there were combines, then a special kind of combine with rubber tires, and so on.

There are reasons for all this. The farmers were forced into this situation. Many years ago people by the hundreds went out west from eastern Canada at harvest time to help with the harvest. Because the war intervened, those extra bodies were not available and the farmers had to acquire more sophisticated machinery. The combine was developed in western Canada. In fact, rubber-tired tractors and machines were developed in my constituency at the dominion experimental farm. Farmers have been forced into this situation. One might compare the cost of the binder which used to do the job with the cost of the modern combine. During all this period the produce of a farm has increased very little in value per bushel.

These are some of the reasons that I suggest to the parliamentary secretary and to the Minister of Finance that this group of Canadians should be given special