

Income Tax Act

should be allowable as income tax deductions. Anyone who has lived in these areas realizes that the family farm is just that. A great many of them are successful because the farmer's wife works alongside her husband for a great part of the day and for a large part of the year. The parliamentary secretary said that such a provision would cause a great deal of division of income. I do not think the income of those who carry on this type of operation would be enough to make a great deal of difference to the coffers of the Minister of Finance when it came to collecting income tax. If the earnings of the wife were allowable as a deduction, the farmer would be placed in another bracket.

I would like to say a few words about this industry and the impact it has on our economy today. I am disturbed, day by day and week by week, when I hear the consumers of Canada talking about the high cost of living. They like to complain that food costs are out of range. That is not true. I have an article that appeared in *Weekend Magazine*. It is entitled "The High Cost of Food is Low". It is a very interesting article and points out that a lot of the remarks made by the consumers are not true. I quote from the article:

Food prices increased only slightly more than half between 1949 and 1969. (For a family of four the average weekly food bill was about \$20 in 1949; about \$31 in 1969.)—

The proportion of average disposable income spent on food today is smaller than ever—about 15 per cent in 1969 compared to at least 22 per cent in 1949.

Canadians are eating better. This differentiation is an indication that the farming industry is efficient. However, it is not that attractive. There are many people who are disturbed about this bill and other things that have happened, such as the cost squeeze in agriculture. They have decided to leave the industry, and that is the reason farmland is not selling now nearly as well as a year ago. Another reason for this situation is this bill, the white paper and the implications that farmers were going to be faced with more bookkeeping problems. Other matters farmers have to take into consideration are the alteration in the basic herd concept and other programs they followed for many years because of the capital gains tax.

All through the piece there has been a feeling of uncertainty in the farm community. One of my neighbours is a real estate salesman. When I am home, I periodically ask how things are going. He tells me that farms are not selling these days as they were one or two years ago. This did not happen by reason of mother nature or anything like that. It happened because of the economic policies of this government and the fears and frustrations people have when they look at this monstrous bill, then wonder what will happen to them. The government has indicated that there will be changes. This is one reason people are disturbed.

It is interesting to note that, according to this same article, irrespective of the fact that only 7.7 per cent of the population is on farms today, this is not the whole picture. It is estimated that in the farming communities three out of every 10 Canadian jobs relate to agriculture. Many more than the 7.7 per cent are directly involved. They are involved in agricultural legislation and things that affect the agricultural community. With regard to the costs of farming, the article reads:

[Mr. Howe.]

Farmers' costs have more than doubled since 1949, so it is clear farmers gain very little from increased prices since their portion of the consumer's food dollar continues to diminish.

Does the parliamentary secretary feel that in this particular program there is any sort of incentive for people to go back to the farming area? What incentive is there for all those junior farmers who have been working so hard learning how to run a farm and the 4H club members being taught by agricultural representatives how to operate a farm? If they work on their father's farm, they feel that by the time they receive it, pay for it and the government gets through with them there will not be much left.

I wish to cite a recent case concerning a farmer in my area. He had 500 acres of very good land and a beautiful dairy herd. He had three children, two boys and one girl. They were all smart, intelligent children. They have worked on that farm all their lives, but will they continue to work on the farm? A few weeks ago that beautiful herd of 125 holstein cows was sold. They were put on the market because the farmer felt there was not any future in this type of operation. Although his family had been raised on that farm, enjoyed farming, belonged to the junior farmers' organization, were bright, intelligent young people, there was not any incentive for them to continue. They decided to leave the farm and go into some other occupation. This is a loss to the agriculture community.

The government and organizations should do everything possible to stop these bright, young people from leaving the farms. They should be encouraged to continue farming. There is going to come a day, and I would not like to predict how far away it is, when we may have to import a lot more agricultural products into this country. That will be a disgrace and a crime. It will be an indication that governments in the past did not do enough to encourage young people to remain on the farms which their fathers started many years ago, and of which they were so proud. I cannot see anything in this particular bill that will give encouragement to those people.

There were one or two questions which the hon. member for Fraser Valley West introduced into the discussion. He referred to the capital gains tax. In my area there are developments taking place around the big cities. The farmers who live adjacent to these large cities are fortunate because they receive a high price for their land. However, it does not stop there. I am referring to farmers who live around Toronto, Brampton, Guelph, Woodstock and Kitchener. They are receiving large prices for their farms, but many of them want to continue farming. What do they do? They sell the farm for a high price and move back into the country. They are driving along a road and they see a beautiful farm in a good location. They drive in. The farmer has no idea of selling his farm. But the prospective buyer looks at the farm and the house. They are attractive and well-kept. He asks the farmer to name a price. The farmer mentions a figure that he does not believe any buyer would look at, maybe \$85,000 or \$100,000. To his surprise, the offer is accepted. What is the result? Not only that farm but all the farms in the area are brought within an entirely artificial taxation bracket, and the consequences of the proposed insidious capital gains tax will be frightening to those who have to face them.