

Income Tax Act

Monday when we will be talking about capital gains." The letter is dated November 14, 1971 and reads as follows:

• (5:20 p.m.)

Dear Sir,

I hope you will read this letter to the House of Commons, at Ottawa.

I read *Hansard* so I am pretty well posted. I can't see why this government can't separate the good legislation from the bad. Take the income tax bill, it helps some people and hurts others.

If they do away with the depreciation on farm machinery and put the capital gains tax on the farms, it will put the family farm out of business.

I could say a lot more, but think these are the most important points right now.

Sincerely yours,

A. J. Walks

After he handed me this letter, Mr. Walks pointed out that he is a life-long Liberal. I was aware of that because we are good friends. I told him he did not have to point this out to me but he said to me, "Say it; I have written the Minister of Finance and the parliamentary secretary and have had no answer. Now, I come to you." Mr. Chairman, and Mr. Parliamentary Secretary, I believe you understand what this man meant. People engaged in agriculture are not having a very good time because of the high rates of interest and so on. I hope the parliamentary secretary, and through him the minister, will consider for a moment that there might be a bit of difference between agriculture, small business and what we might call the "fast buck boys".

I have before me an article which appeared in a newspaper in western Canada entitled "Cattlemen gain tax concessions". I might say a word of commendation for my colleague, the hon. member for Crowfoot, in this regard because I believe it was mostly due to his efforts. I would hope that perhaps the farmers and small businessmen in western Canada—I put it that way although I really do not mean it in that way—as well as businessmen in all Canada would receive some of the consideration due to them. I think the government could perhaps stand this portion of the bill in order to have another look at it. It is not necessary that we in the opposition have credit for this. This is something that is needed by the country.

The other day I pointed out that a year ago in Three Rivers, Quebec, the chain stores had advertised pork at 19 cents a pound for halves and quarters, and beef at 39 cents a pound for halves and quarters. Something has to be wrong with a government administration that would allow such a situation. This goes right back to the people who have worked for years and years in agriculture and who at their retirement age are faced with such a situation. I say there must be some realignment in the government administration. I realize this is another point. There probably are controls. The United States is looking after its business, and quite rightly so. I believe it is time Canada looked after her business. There is an old axiom to the effect that if you do not look after your own business someone else will. This is exactly what will happen to the party opposite. If it does not look after Canada's business, somebody else will and that will be a great day.

Mr. MacKay: Mr. Chairman, in speaking in support of the amendment proposed by my colleague from Edmon-

ton West I hope to do so without being bombastic or long-winded, but it occurs to me that perhaps there is a quote from a great man which might relate to what is being discussed today. I believe it was William Jennings Bryan who said, in assessing the importance of the farm to a country's economy, that if you destroy the cities and leave the farms intact the cities will spring up by themselves, but if, on the other hand, you do anything to diminish or destroy the farms there will be grass growing in the streets of every city in the land. This may be, as I said at the outset, a little bombastic, but there is an element of truth in it. I believe the government would be remiss if it underestimated the effect the family farm, and farms generally, have on the economy of this country. I think there is an excellent case to be made for exempting farms from the capital gains provisions. It would seem obvious to every thinking Canadian that the time has possibly come in this country when it is necessary to have some capital gains provisions if it is proposed to tax the wages of a worker.

I suppose in some instances it is only equity to also tax the fruits of speculation and short-term gains by speculators. It may even be necessary to tax some forms of short-term real estate transactions. What disturbs me, however, in looking at the effect of capital gains on the family farm, and indeed on real estate in general, is that at the present time we are in a very unsatisfactory state so far as federal-provincial agreement is concerned on taxation generally. Last June the Minister of Finance said something to the effect that he was proud to announce that the federal government was abdicating the fields of gift and estate taxes and instead was substituting a capital gains tax. Yet we find that at the present time many provinces, with encouragement from the federal government, intend to remain in the estate and gift tax field if certain financial arrangements are made in this regard. It seems to me that what we need more than anything else in reference to capital gains, specifically in relation to farms and real property, is a national approach to taxation.

• (5:30 p.m.)

If one looks at the records, one finds that the provinces, and many responsible people in government and in business, feel that something must be done to integrate and correlate taxes on a federal, provincial and even on the municipal level. It is good business to do this. It is not only good business, it is good for national unity. I do not see why something cannot be done to defer or to exempt to some extent some types of capital gains, particularly as they relate to assets held for a long time by working people and, in the particular context of the debate this afternoon, by people who have farms.

I would suggest that it is one of the most onerous of taxes to apply to people who have put a great deal of work into building up a farm, who have already paid tax throughout their working lives in respect of the moneys they have earned and the moneys they have used to purchase and to improve farms in order to build up a worthwhile asset not only for themselves but for the whole community. For the government to impose a capital gains tax on these people under these circumstances is, in my opinion, almost immoral, particularly when one finds there is no general agreement among the provinces as to