

Income Tax Act

much fuss about two years previously. A great deal of objection was raised by some hon. members to the estate tax proposal, but now we see that although there was objection at the time to any estate tax at all, the government is accepting this kind of proposition and in many cases any transfers of this sort made to widows or to others will be taxed.

This is a great change to make and I am wondering whether the government can justify it. I realize the government needs large amounts of revenue. Nevertheless, the government has indicated that the revenue it will get from this tax will only be about \$130 million. That is the estimated revenue from this capital gains tax in the red book. We are eliminating a tax that the government thought was so wonderful when it introduced it, and imposing a capital gains tax in its place. Such a tax will apply to farmers. The Conservative party has moved an amendment that would eliminate such a tax on land used for agricultural purposes. It would be very nice if we could abolish all taxes. We would have a Utopia. As far as I am concerned, however, if a person saves money from the operation of a farm, by running a family business or in some other way, he should at least be allowed some amount for the maintenance of the business as well as for the maintenance of his spouse and family.

The amendment that has been moved relates directly to farmers. I think it has a weakness and it is a weakness which I am not smart enough in economics to correct. It obviously is a weakness in so far as it affects other segments of our economy, particularly the labour force. As the previous speaker said, members of the labour force have developed a number of traits in the last few years which put them in a totally different position. They no longer live in tenement homes, they own their own homes. They have purchased cars and through their own endeavours have provided for retirement so the nation will not have to look after them. This bill does not give any consideration to that category of people. I am sure the urban-oriented Liberal government members should be able to come up with some solution to this situation.

• (9:40 p.m.)

There may be a limit in this regard and perhaps we should modify this tax in some areas because of hardships suffered by certain people. We could eliminate the tax in that sector of our economy. We should not allow what most Canadians do not want, that is, a hierarchy in which money generates more money generation by generation. I know that government members are not too damned interested in this phase because there are more millionaires on the government side than ever before. Most of them have inherited their money. I am sure some of them are not even competent to hang on to what they have inherited. As long as they leave it in safe securities, perhaps they will be able to keep it. But they are not interested in eliminating inherited wealth.

I am sure most Canadians would agree that tax should apply in respect of large inherited sums of money. It is not to our advantage as Canadians to provide a landed gentry class. It is not to our advantage to provide a continuation of the inherited wealthy in this country. Obviously, if a father worked hard enough some benefit should flow to his wife and to his family. This is easily understood in

respect of the agricultural industry where a wife and husband have made an effort to build up an estate which in some cases is considerable.

We will probably choose December 1 or the week of December 6, or a neutral date in the future, as valuation day—but I suggest it will be relatively close to December 6, depending on the progress made with this bill. People will then have to value their properties without taking into consideration all those things which have been considered by organized business over a period of time.

I know of no farmer who charges wages on his own behalf. Whether a farmer operates a partnership with his son or farms on his own, very seldom does he charge a salary for himself or his son. Obviously, farming is not that good, otherwise speculators would get into this field and buy land. They are buying land around cities, but that land is no longer agricultural land; it is subdivided and falls within a different category. The point is that the things written off in normal business are not written off in agriculture and we arrive at a fairly high value for farm property.

It seems to me that calculating the best day for valuation should be a very simple proposition, but the basis for calculating the value of agricultural land will not be simple. Over a period of many years farmers have paid interest on mortgages. This has been paid out of family income, probably because wages were not charged and the farmers lived at a substandard level. Similar to what was suggested by the parliamentary secretary, we in Ontario put a value on land on the basis of a voluntary sale to a voluntary buyer.

Mr. Alexander: Fair market value.

Mr. Peters: It is not necessarily the market value.

Mr. Woolliams: It is the fair market value.

Mr. Peters: It is not necessarily the fair market value. In northern Ontario we find that the Liberal government which believes in socializing the land is deeply involved in this field and has provided an unfair value for land. Normally, two factors enter into valuation of land in northern Ontario. The first is the transfer of land from father to son. The father usually tries to sell the farm for only enough to provide for his wife and himself. Farmers are intelligent and they know they cannot take their money with them, and they sell to the son on that basis.

Mr. Woolliams: What utter nonsense.

Mr. Peters: The hon. member for Calgary North may have, like one of his colleagues in British Columbia, a pipeline to the Lord and can take his money with him. Perhaps he can transfer it there by bank draft; I don't know. But most people can't take theirs with them. A farmer will say to his son that he can only afford to pay so much for the farm, and that is all he needs for his retirement. So that is the price to be paid. This places an improper value on the farm which cannot be taken into account so far as the provisions of this bill are concerned. We have the same situation in respect of the Liberal government's land socializing program. An unfair value is arrived at, based on different considerations.