

Income Tax

funds, be read the second time and referred to committee of the whole.

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, in rising to participate in the debate on Bill C-11, amendments to the Income Tax Act, I feel it my duty to express the views of those whom I represent that have been expressed to me in personal conversations, by letter and by telephone. If I did not rise in my place and make representations to the Minister of Finance (Mr. Chrétien) I believe I would be derelict in my duty. I know I rise to speak to the considerable impatience of the government side of the House because just this afternoon they gave notice of a closure motion to limit debate. I believe it is completely wrong to muzzle debate in this House. Members should have every opportunity to put forward the views of those they represent.

The government would never have been in this bind if the Minister of Finance had been honest and had brought forth his amendment to the Income Tax Act in a proper budget address, with a time limit on debate according to the rules of procedure of this House. Had that been the case there would have been no need for the closure motion that now hangs over our heads. I make no apology to the government, therefore, if I take some time to express my views.

Canadian taxpayers view with alarm the continuous and oppressive increase in taxes. The percentage of tax Canadians pay in relation to the gross national product or total income is reaching the point where the economy is in grave danger. The government is like a giant octopus with tentacles, and hands at the end of the tentacles reaching into the pockets of taxpayers across the country. It severely cripples the right of citizens as individuals and of small companies to manage and determine their own economic destiny.

The government's attitude seems to be "Big Daddy knows best." He knows best how to spend our earnings! The federal government has the broadest tax base of any level of government in this country and therefore must bear the greatest responsibility for the increased tax burden on the citizens of Canada. So many government programs are those promised by politicians at election time and not programs sought by the citizens of this country, but rather are thrust upon them. It reminds me of the advertisements on television that try to sell things to people that they do not need. We have a government budget and government expenditures passing all reason.

I think the situation is set out very well as a fair warning to Canadian taxpayers in the July 7 edition of the *Simcoe Reformer*. An editorial refers to the opinions of Arthur Smith, a native of the town of Simcoe and former chairman of the Economic Council of Canada. The article began:

Canada is becoming an over-governed nation whose spending policies, if allowed to continue at their present rate of increase, could gobble up all income in a few short years.

Later, the article continued:

Discussing key Canadian policy issues last week, Smith said the danger signs were being recognized by both the public and government sectors which can see that neither individual freedoms nor collective interests were necessarily served well by bigger interventions by government. The question is: will government

slacken off from its relentless pursuit of Canadians' incomes, resisting pressures prevalent within and without governments for more legislation and regulation?

Smith saw some hope for a pullback resulting from growing public opposition to tax increases brought on by increased government expenditure. He anticipated governments looking uncertainly inwards in questioning their capacities to assume rapidly expanding responsibilities.

Unless governments call a halt, a terrible price will be paid, Smith predicted. If governments maintain their rates of tax-grabbing and spending at the level of the past 10 to 15 years, simple mathematics demonstrates that all income will take the form of taxes and all spending will be by governments—federal, provincial and municipal—well before the end of this century. Taxpayers should take note and intensify their opposition to further intrusion on their pocket-books.

● (2012)

I think that is a pretty serious statement, and it was made by a man who commands some respect in economic circles in this land.

I want to turn to certain, specific interests in the government tax structure, and I want to discuss for a few moments the capital gains tax as it applies to family farms. First let us look at the history of the capital gains tax. It was introduced in 1971 following a presentation in a government white paper on tax reform.

The capital gain tax was explained in great detail. At the time the measure was debated here in the House of Commons the official opposition made a very urgent and eloquent plea to the government that the family farm should be exempt from capital gains tax. The government refused. It was adamant in its stand. It did make one minor concession, and that was a deferral of capital gains tax where a farm is sold by a father to a son and the farming enterprise is to be carried on. Then a few years later the government made another concession in the face of demands by Canadian taxpayers and of representations made on this side of the House, namely, that there should be a roll-over provision which would allow a farmer to sell his land and use the proceeds in one year to relocate in another farming enterprise. That was all well and good.

I think this makes one point very clear, and that is that the government does not have all the answers, nor does it understand fully and completely the plight the farmer finds himself in with respect to the capital gains tax. The government did make those two concessions, and we appreciate that. As I said, I think that simply tells all of us that government legislation is not always perfect.

The result of the capital gains tax program as first implemented was undue hardship and unwarranted debt loads for farms expropriated or under threat of expropriation. A sale had to be made, and made before the roll-over provision was enforced. The proceeds of sales were diminished by the capital gains tax so that in order to buy similar farms of equal economic viability it was necessary to go head over heels, as we sometimes say, into debt to get back into business again. I admit that has been partly remedied, but there are still hardships for the family farm owner. One of these is that instead of being owned by fathers or sons in partnership, many farm operations have been incorporated into closely held family farm limited companies. Because they are held by