

shown that the average person coming within section 31 is only able to afford small acreages, at least at the beginning, and the person seldom buys land in the heart of the best agricultural land because it is already priced out of his capabilities. The best land can be bought and sold by large "full-time" farmers with good cashflows.

It is unlikely that persons now coming under section 31 if allowed to write off all losses against non-farm income would suddenly cause an upward spiral of land prices. There are too many other more determinative factors.

In any event, under the current economic pressures, it is falling land values, along with other factors that have put many farmers on the verge of bankruptcy and a rise in land values would improve their position. The economic position for agriculture by all forecasts is not going to improve in the near future.

#### TAX PROVISIONS AFFECTING FARMERS

The Ontario Ministry of Agriculture and Food states in its Position Paper:

"....the cash vs accrual option is a special treatment which presumably was enacted for justifiable reasons. The reasons for providing the cash vs accrual option are probably still valid, but that is beyond the scope of this paper. The paper cannot encompass total income tax reform, nor does it address total farm