

Supply

I also notice in his budget that only \$140 million goes to research. That figure is taken from his Lethbridge speech. It is only .2 per cent of a \$60 billion budget. When you contrast that with over \$10 billion spent on the deficit on debt charges, without reducing the national debt, that is truly alarming. So I ask the minister to give us his specific personal plans to get the department back up to its traditional levels of over 2 per cent of the federal budget.

The second area which he might want to refer to is this cheap food policy. I was quite alarmed to read in a number of Liberal members' brochures which were sent out to households that they were bragging about Canadians spending the smallest amount of money compared with a number of other countries for a 21-item food basket. They quoted these figures: Canada spent \$55.58 for that food basket compared to \$80.58 for Italy, \$105.40 for Switzerland, and \$135.10 for Japan. Those same brochures pointed out how proud the government was that Canadians work a shorter period of time to enable them to buy that basket as compared with the time people in other countries work. Surely the Minister of Agriculture should not be seen travelling around the country bragging about that. This means his department and the people who look to him for leadership are bearing the costs. That cheap food policy does have a cost—the cost is borne directly by our farmers.

Mr. Chairman, the farmers pay in a number of ways. The first major way is that this cheap food policy can only be maintained by smaller farmers dropping away. When we look at the statistics we see that there are over 100,000 fewer agricultural holdings today than there were only a few years ago. So the cheap food policy is only maintained by farmers dropping away and larger farmers taking up land and buying up larger equipment, theoretically achieving greater economies of scale. Presumably that could carry on until we had only one farm left. That would be disastrous.

There are examples of where effectively there is only one farmer—these are in centrally-controlled socialist countries. When you go through the list of them you see that they have all lost, even though at one point they had the ability to feed themselves. They have virtually all lost that ability now, whether it be in Poland, Russia, or even Mexico. At one time Mexico used to export sugar in hundreds of thousands of tons. The moment Mexico went into a highly centralized and controlled bureaucracy it lost that ability. Now it must import sugar.

The solution, of course, is to keep our farmers on the land. Otherwise the cost is too great in terms of the farm community and in terms of the way of life in those places. I submit it is the job of the minister to see that this is encouraged. I would like the minister to comment on why he is not out selling this policy to the consumers. I have read all the minister's speeches, and some of them are very good, but almost invariably they are given to farm communities. Our Minister of Agriculture should go to the cities, not to the farms, to convince people that they need to pay more.

The third area which is quite important deals with capital gains tax and the impact it is having. I believe it is a time bomb which will affect food production in this country far more seriously than anything else we have done. Mr. Chairman, up to 1972 there had never been a capital gains tax imposed on land. It was before that time that we developed the infrastructure in our agricultural community which made this country a vast exporter of grain. Canada is only one of four nations in the world which is exporting grain. But after 1972 a capital gains tax was imposed on farmland and there was a valuation date set at December 31, 1971.

Serious problems have arisen to the extent that in the December, 1979, Conservative party's budget some substantial relief was provided. It did not go as far as many of us would like, but it was a step in the right direction. Then throughout the subsequent election, the Liberal party gave the promise that it would extend the valuation date from 1971 to 1974, but in the October 28 budget nothing happened. That election promise was simply and purely broken. I am wondering what the minister has to say on that matter.

● (1630)

The November, 1980, white paper indicates that there would be no change. Indeed, if one reads the capital gains white paper carefully, it clearly indicates that the Minister of Finance and his officials are thinking of taking away the capital gains benefits which exist now. I know the minister will refer to other nations, but I submit to him that other nations are not the test because other nations which have gone to those types of policies are losing their capacity to produce food, and why would we do that?

As I say, the problem is a time bomb. The December 31 valuation day is simply too low. We know from the statistical records that the value of our land, at least in my constituency, was substantially higher in 1968-1969. But because of economic policy and other influences, land had taken a drop in 1971 and it was at a low point when the valuation day was set. So really the minister's election promise of 1974 values would be much more realistic, if one were to accept the principle of capital gains at all.

The second point on capital gains which is so dangerous is the inflation factor because it has increased the value of land without there having been any real gains. In short, what happened during that 1972 to 1974 period when the minister's government, albeit perhaps not with his permission, turned on the printing press, and created so much money that it had to settle on certain things. Unfortunately, that excess money supply settled on land. So the value of land went up but the real gain was not there.

In the past, retiring farmers had always been able to sell their land, buy a house in the city and have a small nest egg. We have all heard that farmers live poor and die rich, but they do not really die rich because the average size of a farm in Canada today is still only about 400 acres, really a small unit. When a farmer sells land to buy a home and have a little nest