

*Farm Loans*

industry. We have a very good barometer on the agricultural industry, namely, the farm implement dealers and the farm equipment manufacturers of this country. If we look at the farm equipment manufacturers and the farm implement dealers of Canada, we can see from that barometer that there is a tremendous problem in the agricultural industry. It is one that this government must address, and address immediately if we are to see agriculture survive and thus prevent more bankruptcies in the agricultural community.

When the Minister of Agriculture tabled the legislation in this House last week, he pointed out that the Farm Credit Corporation will be allowed to obtain additional funds from sources other than the Government of Canada. I feel this is a tremendous move, a move that will add more flexibility to the corporation and a move that has tremendous potential for funding, if addressed in the proper manner. These proposed changes to the act will provide authority to borrow some of the funds from private sources, although this tends to be opposite apparently from what the minister was reported to have said only two years ago, when he indicated that he would not allow farm credit to borrow from private enterprise because he feared the privatization of the Farm Credit Corporation. Nevertheless, I applaud the minister's change of mind. I applaud him for his forward thinking that agriculture should not only be in the public market but also in the private market when it comes to funding of this nature. By utilizing the two, and by having the corporation keep control of the interest rates, I feel that tremendous assistance can be afforded to those looking for financing.

Let us hope that we can look closely at this privatization, and look closely at the bonds and the debenture markets the corporation is going to enter. Possibly we could afford some opportunity in this plan similar to that offered banks in the Small Business Development Bond situation. Possibly we could entice farmers who are selling their farms to invest their money in the Farm Credit Corporation as a retirement fund.

The budget does allow some investment of \$10,000 into Crown corporations by farmers with a tax deduction. Possibly we could afford them the opportunity of investment and allow them to write off all, or at least most, of the interest from all investments by agriculture in agriculture. Possibly we could also afford the same opportunity to major corporations or organizations that wish to invest in the Farm Credit Corporation. This could afford our corporation a tremendous influx of funds, Mr. Speaker, which could allow us to lend money in return to the farmers at a much lower interest rate.

It is also interesting to note, Mr. Speaker, that as the seasons change so do the promises of the Liberal government. This government during the election campaign said that it, too, would offer a once-in-a-lifetime exemption of capital gains for farmers, and that it would advance "V" day to 1974. What happened instead is history now, Mr. Speaker. Instead of allowing the capital gains exemption for retiring farmers and advancing V-Day to 1974 as promised, the Liberals, with the assistance of the finance minister, brought in a budget which will tax the farmer's retirement stake and give him nothing but

a slap in the face for a lifetime of work on the farm. The people of rural Canada need changes, such as the capital gains exemption, Mr. Speaker, if they are going to retire with dignity and pass along their farmland. Surely a farmer who wants to sell his farm on the basis of part payment over a number of years should be allowed to do so. It is sensible; surely it should be permitted.

● (1730)

So often a farmer hands down a working farm to his son or daughter to carry on the family business. We urge the minister to reconsider this once-in-a-lifetime capital gains exemption on the sale of farmland. I am sure this tax has been a major factor in the decline in the number of Canadian farms and farmers because it has increased land prices, Mr. Speaker. They have to add the cost of the tax to the selling price and thus push it out of reach of a lot of people who have the dream of entering farming. It also encourages the centralization of farms into the hands of the wealthy or corporate buyer since they are the ones with the cash available.

This type of action, Mr. Speaker, brings out a whole new concept and concern that I have. The recent budget has made it extremely difficult for a farmer to sell his farm and for a purchaser to buy it. Cash money is required, and the capital gains tax is detrimental. If we think back and consider that this government would not allow the right to property in the bill of rights of our Constitution, and then think of the Canagrex bill which will allow that corporation the right to purchase and hold land, we can only hope we are not seeing a trend toward government-owned farms, Mr. Speaker. We do not need a federal land bank. I hope those in default to the FCC—some 7 per cent at present I understand—will not have their farms picked up by Canagrex and run as government farms. I hope and I trust the Minister of Agriculture will ensure that this government does not move this country toward government-owned and run agricultural enterprises.

**Some hon. Members:** Hear, hear!

**Mr. Bradley:** Changes made in this budget regarding income-averaging annuity contracts have, in effect, frozen land sales for this generation. By eliminating the IAACs and the capital gains reserve, this government has forcefully and tragically penalized the Canadian farmer's retirement income. Until there is some change in the capital gains tax, until there is some change in the ability of individuals to use the capital from their farms in a way which will protect them from the exorbitant taxation at the time of sale, this generation will have to maintain control of the land. As a result, agriculture will not prosper as it would if people were allowed to retire from their farms and let the younger people carry on in their place. Why should a farmer be taxed on his farm all his life, Mr. Speaker, and then be dealt a heavier blow when he tries to sell it?

High start-up costs discourage many from entering farming. Therefore, I believe the government should focus attention on