

capital for labour in the industry. The average capital value of commercial farms in the 1961 Census of Agriculture was approximately \$35,000, and this means of course, that many are capitalized today at \$50,000 to \$60,000 and more.

25. We submit that for many farmers, who wish to retire, it is extremely difficult to withdraw their investment in their farm business, and at the same time keep them viable and relatively efficient operating units. The problem is equally difficult for a member of the younger generation who wishes to buy a farm. The younger man finds it hard to borrow sufficient money to satisfy the immediate needs of the seller, or to assume the debt on such borrowings, and at the same time keep the farm operating in an up-to-date and efficient manner. If some acceptable means could be found to overcome this problem, it could contribute in large measure to the economic and social well-being of a significant proportion of our aging farm people.

26. In a working paper on "Farm Credit in Canada", prepared by D. W. Carr and Associates for the Royal Commission on Banking and Finance, it is recorded that: "A major transfer of farm enterprises had taken place in the period 1945 to 1952. Another generation would be due to take over again in the decade 1965 to 1975. By that time, investment per farm will have increased further. The demand for credit to finance such transfers is likely to become pressing."

27. The Canadian Federation of Agriculture takes the view, and has so recommended, that the maximum loans under the Farm Credit Act should be substantially raised, and the government is now in the process of doing so. While increasing the maximum loan under FCC will tend to ease the the problem of refinancing farms each generation, it will not of itself resolve it.

28. The problem is complex, because it varies in nature from farm to farm, with the size of the operation, the size of the family involved, the income level and potential of the farm. In addition, there is the question of whether, in fact, farms that reach a capital value of say \$60,000 or \$75,000 can be refinanced every generation, without undue hardship and self-sacrifice, if at all, even if long-term mortgages are available.

29. We submit that far too little is known about the transfer problem which, as the Carr report indicates, will become much more serious and acute in the early 1970's. In the interests of the security of aging farmers, both now and in the future, every effort should be made to find the proper policies to deal with it.

30. The CFA recommends that study and research is needed to more clearly establish the dimensions of the problem, and to suggest ways in which it might best be overcome.

31. The second problem we wish to mention is that faced by farmers who stay on at farming long after they should or want to because they are captive to it. It may not be simply a case of the financial problems associated with a farm transfer from father to son. There may be no willing heirs to take over, or indeed, because of the farm's marginal nature, it may be unsaleable.

32. To meet these kinds of problems, the Federation recommends the implementation of a government land purchase policy, perhaps under the ARDA program, as a means of assisting the rural aging, and as a means of reallocating the land resources involved to their most suitable use.

33. It is of interest to note that in European countries schemes of this kind are now in the process of being introduced. In Holland, for example, a plan was put into operation on May 1st of this year. The Netherlands Govern-