One can relate these statistics to hogs and cattle, and in all cases in constant dollars farmers are in worse shape today than they were during the years of the depression.

An hon. Member: Oh, come on!

Mr. Schellenberger: Members can well ask how the farmer has been able to exist under these conditions. The only reason is that he has become more efficient. Small farmers have been driven off the farms by these cost increases resulting from the inefficiency of our system in providing farmers a fair return on production.

The Acting Speaker (Mr. Ethier): The hon. member for St. Catharines is rising on a point of order.

Mr. Parent: Mr. Speaker, the hon. member opposite indicated that small farmers are being driven off the land. That is a false statement, because they are not. I happen to be a small farmer. My family still farms effectively and very efficiently, and they are making a good living.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member may have a very valid point of argument, but it is certainly not a point of order.

Mr. Schellenberger: Mr. Speaker, all I can say in response to that interjection is that the hon. member should look again at the statistics. Today the number of people on farms is less than 6 per cent of the population. Not many years ago, probably just before 1968, some 17 per cent of the people of Canada were living on farms.

Let us have a look at what the consumer has to pay for his food today. Canadians are paying the lowest percentage of their disposable income on food. In 1976 Canadians spent only 13.8 per cent of their disposable income on food. This compares very favourably with other countries; 15 per cent by the Americans, 19.2 per cent by the French, 21 per cent by the British and 26 per cent by the Italians. As Canadians we spend proportionately less for our food than the people of most other nations, and this is at a time when our farmers are incurring higher and higher production costs.

Members of this party placed a motion before the House giving specific suggestions on how to increase the income of farmers. We also suggested that the Minister of Agriculture look very seriously at ways of decreasing input costs as well as the price of their commodities. Action is needed now if we are to improve the agricultural income picture and alleviate the constraints which are stifling growth within the agricultural sector.

Before dealing with some specific areas where attention is needed, it should be underlined, as it was underlined by the hon. member for Elgin, that a healthier national economy would definitely improve the income position of farmers and the agricultural sector of Canada. While this is a simple and somewhat obvious conclusion, it needs to be stated. We sometimes forget that the best producers in the country are also consumers who are confronted with the same increases in the cost of living as others and, therefore, need the same increases in their disposable incomes as those in urban climates.

Where are the prime areas where we would like to see action? First, we would like to see action in the field of taxation. Let us allow our farmers to keep more of their earnings, and I suppose this idea could be extended to all people in the country. We feel that one of the areas which should specifically be designated is the area of capital gains. We realize that the capital gains structure for family farms is excellent. However, the people who are left out are the corporate farmers. Many farmers were persuaded by government policy in 1971, when the capital gains tax was first brought in, to incorporate their operations. A large percentage of those corporate farms are in fact family farms. We have suggested over and over again that this method of capital gains should be extended to the corporate farm.

At the same time a large percentage of our farmers in Canada are over the age of 55, and many of them will soon be seeking retirement. If they sell their property now, because land prices from 1971 to 1978 have increased so rapidly a great percentage of the sale would go to capital gains. Many of these farmers would move into the cities for their retirement where a house would cost approximately $60,000 to $70,000. They might retire with, say, $140,000. A home in most towns, and I am only familiar with Alberta, will cost that farmer between $65,000 and $70,000. That comes off the $140,000. By the time he pays $30,000 or $40,000 in capital gains tax he has very little money to place in the bank for retirement. We are suggesting that every farmer be allowed a once-in-a-lifetime capital gains tax-free sale.

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In order to combat the problem of price and, subsequently, income fluctuation, attention should be given to a more coherent stabilization policy. We now have the Western Grain Stabilization Act, and we have the Agricultural Stabilization Act. Many of us in western Canada feel there should be regional differences built into those stabilization acts. In the beef industry we find that consistently producers in eastern Canada are getting $4 to $5 more per hundred than we are in western Canada. At the same time the average is based on beef right across the country. Certainly, regional differences in our stabilization plan should be built in.

The hon. member for Swift Current-Maple Creek (Mr. Hamilton) and myself have both proposed that individual stabilization plans should be built into the farmer's operation. There are a number of ways that this could work. The provincial department of agriculture in Alberta had a team of consultants examine the feasibility of such an income averaging scheme. Their suggestion was that the farmers be allowed to open a bank account with a minimum deposit term of one year and a maximum deposit term of seven years, and that the deposit be a minimum of $1,000. The farmers would have to be in the age group of 18 to 70, and only income from farm operations could be deposited into the fund. After examining the plan the management consultants concluded that income