

Income Stabilization

increasing number of bankruptcies in the agricultural industry. There were 224 agricultural bankruptcies last year. The Farm Credit Corporation made 229 loans to individuals in the agricultural industry in Atlantic Canada. In other words, such a situation could result in the bankruptcy of all the farmers in the Atlantic region. What about all those people who are near bankruptcy? They realize that something is happening and they had better duck out from under before the situation gets worse. Those people simply pull out of the industry.

If one looks at the statistics one sees that 1,000 farmers annually in the one province of Ontario are leaving agriculture. I know there has been considerable comment in the last little while about the very serious problems that exist. The main problem relates to a lack of cash flow.

We all know of the situation involving the dumping of cattle which suddenly depresses the price of cattle, putting people out of business. We experienced a drought situation when there was not enough feed and farmers went bankrupt. Farmers may have been in the industry for 50 years, spending their entire lives on the farm. Suddenly they found themselves in a situation where they could not afford to buy feed. There was no feed to be had, so they had to unload. When a producer unloads in a situation like that, the income tax people immediately come along and say, "We've got you this time". A producer's life savings are put into his operation, and he does not have enough for retirement. Producers—whether they be fishermen or involved in vegetable production or any form of farming or horticulture, fruit growing or whatever—all have problems, but they have always felt that their retirement incomes were entirely wrapped up in their operations. With the capital gains tax moving in on these people, suddenly they find themselves having to unload whatever products they may have and selling out. The government zeroes in on whatever income they may have. Suddenly they find themselves in the position where they cannot retire. This kind of situation should not be allowed to continue.

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There is no need for young men to go out of business, even if the banks say they are not good risks. Over the years there will be risks. Anyone involved in agriculture realizes this. This is true in any other industry. If a person starts a law practice, he does not find people walking in the door the first day he puts up his shingle. Businesses have to be built up over the years. So it is with a farming operation. There will be lean years, but a farmer can survive if he toughs it out and if there is a willingness on the part of the government to assist through difficult periods.

There is a cash requirement when disaster strikes, but the cash should come not a year later or two years down the road. We are still haggling over the embargo. Producers were promised there would be a payment because of the embargo. There was a commitment. We still have not heard what is going to happen. Nothing is going to happen. Producers cannot operate just on promises. In this day and age there is a need for cash flow.

My proposal takes into account a plan which is very similar to the existing grain stabilization plan. Under that plan the producer contributes 2 per cent. The suggestion I have been making is that the producer put in 3 per cent and that the federal government double that by putting in 6 per cent. At present the government puts in 4 per cent of sales and the producers puts in 2 per cent. However, if necessary, I think every producer would be quite prepared to increase his contribution, as long as there is a fund available so that he can draw on it when necessary. There will be periods when there will be adequate incomes to tide producers over, but there will also be slack periods. At present there is a 2 per cent contribution to the stabilization program and an approximate 5 per cent contribution to crop insurance. That is a 7 per cent contribution being made at the moment. I am sure every producer would welcome, or at least consider, some other proposal which might in the end eliminate the requirement for programs like crop insurance, the cash advance program or even the stabilization program.

Under my proposal producers would not have to go hat in hand as they did under the herd maintenance program. During that period of cash requirement producers simply begged at the door of the government. I do not think anyone in this day and age should have to come begging to the government. When that happens it appears to taxpayers that they are helping the industry out. All of a sudden the CBC comes in with a nice program showing a big farm operation. It does not matter if the operation is over its head in debt; the place looks big and the equipment is new. It is all financed at 22 per cent, probably, but that is the kind of project the CBC will probably show the people of Canada, telling them they are helping people who have great assets. I do not think there should be that kind of requirement to beg.

Other programs have been put forward. For example, the Cattlemen's Association has been putting forward an equity plan. The association thinks producers can put money in in periods when there are larger sales, and so forth. Sadly, a time of drought is the time when cattlemen have to unload because they cannot supply enough feed. That is when their incomes are high. Yet they may still have their land, they may still have their operations, but they do not have the necessary funds to go back and start the following year with an adequate supply of feed. In a case like that, what we need to do is to allow cattlemen to plow their money back into a fund. That would build up the fund, and capital would be available to assist others in the industry if they want to go back the following year when feed is available or if they have retained their land. As long as they pay their taxes, they can still go back to the fund.

What I am suggesting is that during that one period they should be tax exempt, provided they plow that money back into the fund. It should be tax exempt if they go back into the industry the following year. In that way the plan will have adequate funds. It will help. In fact, the industry would be helping itself. There would be adequate funds. For example, the Farm Credit Corporation is crying desperately for \$200