42,000 acres of Canadian farmland was lost to urban development. This year's census will tell us that even more agricultural land has been, and is being, taken out of production.

Mr. Speaker, you will also know that we have lost over 100,000 farmers over the course of the last several years. As well, only 45 per cent of our full-time farmers earn their entire living on the land. Some 55 per cent must work part time elsewhere. Furthermore, farmers, on average, earn less than the national average wage paid to industrial and urban workers.

Prior to 1972 no capital gains tax was imposed on agricultural land. It was under this system that we built an agricultural infrastructure which resulted in Canada, with its small population and small percentage of the world's agricultural land, developing into an enormous exporter of grains to feed the world.

The fundamental reason for this enormous production was, and still is, the family farm. Simply put, farm families care for the soil. They are efficient and they devote their entire lives to the production of food. They directly influence the quality of life in industrial Canada, too, because they purchase tractors, trucks, equipment and other manufactured goods.

In 1972 the government imposed capital gains tax on our 3 per cent of the world's land which produces so much to relieve world hunger. Because no provision is made for inflation, the current tax is a tax on capital rather than on capital gains as intended. In my opinion the capital gains tax is a time bomb which will destroy the family farm and, ultimately, the capacity of this nation to be not only an exporter of food but to be self-sufficient within our own borders.

We should not lose sight of the fact that other countries which used to be food exporters are now massive importers. Russia is a classic example, as is Poland. On our own continent there is Mexico. The reason they are massive importers is that they destroyed the family farms and took away the right of individual ownership. We should also note that no capital gains tax is levied on the values of individual homes in urban Canada, on the basis that home ownership is a "Canadian way of life".

We should not lose sight of the fact that Canada is already a massive importer of fruits and vegetables, and that the only major product which we export is western Canadian grain. The reason for this is that the present government *de facto* had, and still has, a cheap food policy. Capital gains tax on productive farmland is not in our national interest. I submit it is immoral, on a world scale. I believe it is equally immoral for Canadians to be competing in the world for oil when we could, and should, be self-sufficient. Indeed, we should be exporting energy to developing countries. It is also equally immoral for 23 million Canadians to be competing in the world's capital market to pay for our huge deficits when we could, and should, be exporting capital, human skills and technology to help the lesser developed countries. The capital gains tax, when added to the grotesque monetary and fiscal policies of the government and its cheap food import policy, is destroying Canada's clear opportunity to be self-sufficient with respect to food and, indeed, an exporter of food.

I would now like to be a little more specific with respect to what is happening and the particular problems which existing farmers face when it comes to selling their farms while alive, as well as in planning their estates so as to retain an economic farm unit to put into the hands of the next generation. As you know, Mr. Speaker, the valuation day was December 31, 1971. If a farmer sells land or dies, a tax is applied on 50 per cent of the increase in value since that date. For example, in my constituency a common value at December 31, 1971, for farmland was $100 per acre. Today, common values are about $600 per acre. The capital gain is $500 and the taxable portion is $250 per acre. On the sale of one section, or 640 acres, the farmer must add $160,000 to his taxable income. Depending on which province he lives in, and on his personal rate, he will pay at least $80,000 of that in income taxes.

The problem, though, is that the seller has been able to calculate the tax and add that to the selling price, thereby increasing the price of land. This has been badly exacerbated by the loose monetary and fiscal policies of the government, whereby too many dollars were created. Unfortunately, much of that inflation money has settled on land. The present prices are in no way related to the productivity of the land. This is especially true if the money must be borrowed to purchase the land in the first place. Therefore young farmers are blocked from ever being able to purchase a farm. Also, large farmers are forced to buy the extra, expensive land in order to utilize efficiently the ever larger and more expensive machines which are being manufactured, and to remain competitive.

Mr. Speaker, the 1971 value is simply too low. In fact in my area the values were depressed in 1971 as a result of economic difficulties. The 1974 values promised by the Liberals in the last election were much closer to the true value, based on agricultural productivity. Regretfully, the Liberal government has broken its campaign promise. In fact the recent paper on capital gains tax indicates that the government intends to increase the tax, not decrease or eliminate it. The government's policy stands in stark contrast to the Crosbie budget of December, 1979, which brought in a first step relief of up to $200,000 of rollover, over and above the current 50 per cent rate of tax and the present roll-over provisions. The Minister of Agriculture (Mr. Whelan) proudly proclaims that the present roll-over provisions are adequate. I completely disagree.

One rollover provides that a farmer can transfer a farm to his or her spouse, either while alive or upon death, at the 1971 value. No tax is levied until the spouse dies. If we must have a tax then we certainly cannot, and do not, object to this particular rollover.

However, another rollover permits a farmer to transfer the farm to one or more children at the 1971 value with no tax being levied. Either the farmer, or at least one of the children, must actually be farming at the time of the transfer. The theory is that this rollover could go on for ever, that is, ten, 50 or 100 generations. Of course this is absolutely untrue because of inflation. This roll-over provision is seriously defective. First,