

*Farm Loans Interest Rebate Act*

to drill where the Government bureaucracy wants them to. Because it wants drilling to take place in the Arctic and off the east coast, it is prepared to offer rebates of 90 per cent plus. The decision is not based on where the oil is likely to be, but where the maximum grant is paid. That builds inefficiency into the system and results in less oil being found.

We should have a synthetic tar sands plant coming on stream every year in this country to offset the reduction in the light, conventional crude produced in western Canada. We started with 16 billion barrels of light, conventional crude along the Mackenzie Valley and through Alberta. We have been using that supply up and are down to less than four billion barrels. The rate of production of that light, sweet Alberta crude is going down to 100,000 barrels per year. Next year, 100,000 barrels less will be produced per day than is produced this year. The year after that, the reduction will be exactly the same. With a synthetic tar sands plant producing 100,000 barrels per day, we would need one more plant every year just to keep even. We are heading for deep trouble, Mr. Speaker.

The Government will soon release documents to show that less oil is being imported, and to an extent that is true. The reduction is caused solely by the recession, however. We would not need to import any oil at all if we were driven to bankruptcy, and indeed that may happen in another three or four years under this Government.

The third bad policy that affects farmers is the capital gains tax. For years and years in this country we permitted farmers to build a farm and to consolidate it into an efficient, economic operation. It could be passed on to the next generation with a minimum of Government interference. That is not the case now. Under the November, 1981 budget—and the capital gains tax provisions of that budget have not been changed—farmers cannot transfer a farm to the next generation by an agreement for sale and spread the capital gains tax over many, many years. It is now restricted to ten years if the farm is going to the immediate family. Farmers have lost the ability to sell, take the cash and put it into IAACs. They cannot do that any longer, so the taxes are payable on the sale.

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Then there is a system of forward averaging where farmers can obtain a tax credit in future years. Immediately we see that if farmers become aged, want to sell and die within a couple of years after the sale, the Government keeps all the tax; there is no rebate then. The Government is taking an incredibly unfair advantage of senior farmers who sell. The effect is that almost invariably parts of the farms end up being sold off to pay taxes. This makes farms smaller and smaller, which makes farmers more inefficient. Therefore, we get less food from them and the national interest is injured. It is similar to the difference between land tenure in the United Kingdom and France. Periodically in France there is a great consolidation because farms have become so small that they cannot continue to be efficient.

The capital gains tax is not raising all that much money for our central coffers. Most of the gain is not in fact a real gain at all. It is simply an inflationary gain, which goes back to what I was talking about earlier—the deficit. Whenever there is inflation with too many dollars chasing too few goods, the inflationary value settles on things.

We are still a young nation. Most people came to Canada to get land; this is why people went west. They came from situations in Europe, whether it was the United Kingdom, Germany, Hungary or Poland, because they were locked into a class situation from which they could not escape and an economic situation where they could not obtain access to land. They were prepared to sell their meagre assets in those countries, get on a boat and go off to a strange country speaking strange languages, and to go to the great western plains where it did not matter from where they came. Racial intolerances did not matter when they were sitting out there during the cold winters. All differences disappeared because they were small human beings. This sort of explains the incredible multicultural nature of western Canada. It did not matter whether one was a Scotsman, a Pole or a Ukrainian; each helped one another when faced with the incredible climatic problems of western Canada. As a result, three generations later western Canadian agriculture is strong and efficient, and the western Canadian people have a nationality which is much more cohesive than I think even they realize.

To give a few dollars of interest subsidy to a few farmers in western Canada and across the rest of the country is not really what they need. They really need relief from capital gains so that they can plan to pass their farms on to the next generation and still do justice and equity to children who are not on the farms. This is what needs to be done.

Clearly the solution is in the agricultural sector. There are 320,000 people committed to the land. One has to understand farmers and almost has to have lived on a farm to understand them truly. These people are efficient. There are 24 million hectares of land which could be brought onstream. We still have young people. Basically the progeny of the baby boom about which I talked are now between the ages of 18 and 33. If the Government came out with agricultural policies to turn them loose into that line, we could handle our unemployment problem. Think of all the tractors, trucks, and machinery which would be needed. Think of electrical wires and the whole business of settling people in a new part of the country. It would be fabulous. They are available. They are keen, well-educated and individualistic. They want to prove themselves in their own way. It would free up people from the continuing growth of government.

Another irony to which I cannot get accustomed is the fact that years ago when our parents and grandparents did not have the benefit of the education which we think we have had, they did not need government laws to control them. Now people have more and more education, intelligence and presumably tolerance, and we have more and more laws controlling them. When we bring people out of university and hire them in the Public Service, for example, they are put into small niches and