

Subsection 1.—The Dominion Government.

A short sketch of the functions of the Dominion Department of Agriculture was published at pp. 212-223 of the 1936 Year Book, and an outline of agricultural progress in Canada and the Dominion Experimental Farms System appeared at pp. 221-228 of the 1937 Year Book. In the 1938 Year Book a special article on the Prairie Farm Rehabilitation Program of the Dominion Government appeared at pp. 223-230. This year the problems of the Entomological Branch of the Dominion Department of Agriculture, in controlling noxious forest insects are reviewed in a special article which appears in the chapter on Forestry at pp. 254 to 263, since it is closely related to the subject of forest resources.

CANADIAN FARM LOAN BOARD.*

This Board was appointed by the Governor in Council under the provisions of the Canadian Farm Loan Act (c. 66, R.S.C. 1927, as amended by c. 46, Statutes of 1934, and c. 16, Statutes of 1935) and administers a system of long-term mortgage credit for farmers throughout Canada as an agency of the Crown in the right of the Dominion.

The Board is empowered to loan money to farmers for the payment of debts, for the purchase of farm equipment and live stock, to assist in the purchase of farm lands, for farm improvements or for any other purpose considered as improving the value of the land for agricultural purposes.

Loans may be granted on the security of first mortgages on farm lands actually operated by the borrower up to an amount not exceeding 50 p.c. of the appraised value of such farm lands, but, in any event, not in excess of \$5,000 and such loans are repayable on an amortized plan of repayment over a period not exceeding 25 years.

In virtue of amendments to the Act, enacted in 1935, the Board is also empowered to make additional advances to farmers, who, having obtained a first-mortgage loan from the Board, require additional funds, the amount of such additional advance not to exceed 50 p.c. of the amount of the first mortgage loan, nor the aggregate of first and second mortgage loans to exceed two-thirds of the appraised value of the farm lands mortgaged as security for the loan, nor in any event an aggregate amount of \$6,000.

The capital requirements of the Board are provided as follows:—

(a) Initial capital advance from the Government in the amount of \$5,050,000.

(b) Sale to the Government of the capital stock of the Board equal to 5 p.c. of the loans made by the Board.

(c) Sale of bonds secured by farm mortgages. At the present time these bonds are being sold to the Government on a $3\frac{1}{2}$ p.c. interest basis with a term of 25 years. Provision is made for the guarantee by the Government of the principal of and the interest on the bonds of the Board.

The rate of interest charged by the Board on its loans is determined by the rate of interest yielded by the latest series of such bonds increased by an allowance sufficient, in the judgment of the Board, to provide for expenses of operation and reserves for losses. The current rate of interest on loans made by the Board is 5 p.c. on first-mortgage loans and 6 p.c. on second-mortgage loans.

The first appointments to the Board were made in 1929 and loaning operations were then initiated in the provinces of British Columbia, Alberta, Manitoba, Quebec,

* Revised by A. H. Brown, Secretary, Canadian Farm Loan Board, Ottawa.