Subsection 2.—Farm Assistance Programs

Basic to the concept of Canada's national agricultural policy is the premise that a stable agriculture is in the interests of the national economy and that farmers as a group are entitled to a fair share of the national income. In pursuit of these objectives, the Department of Agriculture has carried on, over a long period, a program designed to aid agriculture through the application of scientific research and the encouragement of improved methods of production and marketing. Over the years, as conditions have warranted, programs have been initiated to deal with special situations such as the Prairie Farm Rehabilitation Act (see p. 433) to deal with the results of the drought in the 1930's; the Prairie Farm Assistance Act (p. 421) to mitigate the effects of crop failure; and the Maritime Marshland Rehabilitation Act (p. 437) to save valuable soil in the Maritime Provinces.

Although much has been accomplished by these measures, changing conditions have dictated the need for a new approach. In the past two decades agriculture has undergone revolutionary changes. Large-scale mechanization, increasing farm size coupled with declining farm numbers, and shrinking world markets have called for a reappraisal of policy, resulting in a number of legislative enactments in the agricultural field. These cover such matters as credit provision, price stability, crop insurance, resource development, and policies to assist regional groups to catch up with the national level of progress; they are described individually below. In addition, legislation has been passed from time to time giving assistance to meet temporary or short-term contingencies, such as the Western Grain Producers' Acreage Payment Regulations which, following the drought in 1957, provided for the payment to each grain producer of $1 for each acre seeded in 1958 up to an amount of $200; and the Prairie Grain Loans Act which provided for short-term credit to grain producers of the Prairie Provinces to meet temporary difficulties encountered during the 1959-60 crop year from inability to thresh their grain.

The Farm Credit Act.—The Farm Credit Act (SC 1959, c. 43, proclaimed on Oct. 5, 1959) established the Farm Credit Corporation as successor to the Canadian Farm Loan Board. The Corporation, which is a self-supporting Crown corporation, reports to Parliament through the Minister of Agriculture.

The Act provides two types of long-term mortgage loans. Under Part II of the Act, the Corporation may lend up to 75 p.c. of the appraised value of the farm land taken as security, or $20,000, whichever is the lesser, repayable within a period of up to 30 years. Under Part III of the Act, the Corporation is empowered to make loans of up to 75 p.c. of the value of the farm land and chattels taken as security, or $27,500, whichever is the lesser, to young farmers aged 21 to 44, inclusive, who have at least five years of experience in farming; that portion of the loan secured by farm land is repayable within a period of up to 30 years and that portion (if any) based on chattel security must be repaid within the first ten years. A Part III loan is further secured by mandatory insurance upon the life of the borrower, and his farming operations are subject to supervision by the Corporation until the loan has been reduced to 75 p.c. of the appraised value of the farm land. Similar insurance coverage is available to Part II borrowers on an optional basis. The interest rate on all loans is fixed by the Act at 5 p.c. In 1962, after three years of operation under the terms of the original Farm Credit Act, amendments were made to the Act and Regulations to provide a greater measure of flexibility in meeting the bona fide credit needs of Canadian farmers.

The Corporation has 127 field areas administered by 164 credit advisers who are responsible for informing local farmers about the services available for pre-loan counselling on credit use, farm planning and farm management, for accepting applications and for making farm appraisals.

Funds for lending are borrowed at current interest rates from the Minister of Finance. The aggregate amount of such borrowings outstanding at any time may not exceed 25 times the capital of the Corporation, which has been fixed by the Act at $16,000,000.